



# **2019-20 Annual Performance Report**

Queensland Rail Access Undertaking 1

**December 2020**

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# OVERVIEW

Queensland Rail's regional network spans more than 5,700km of track and comprises seven major rail networks that convey freight and passenger services across Queensland to support the state's economy in the mining, agriculture, construction, wholesale and retail sectors, and tourism.

## 2019-20 fast facts

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- moved over 14.7 million tonnes of freight
- earned \$200 million in external access revenue<sup>1</sup>
- \$236 million cost to maintain the regional network<sup>2</sup>

## Background

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Queensland Rail's below rail infrastructure is declared for third party access under Section 250 of the *Queensland Competition Authority Act 1997*. In 2019-20 access to Queensland Rail's below rail infrastructure was regulated by *Queensland Rail's Access Undertaking 1 (AU1)*, approved by the Queensland Competition Authority (QCA).

Queensland Rail contracts with third party train operators and some end customers to provide access to its rail infrastructure. As at 30 June 20120, there were three main third party rail operators operating on the regional rail network—Aurizon, Pacific National and Watco.

## AU1 reporting requirements

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AU1 contains a range of reporting requirements to provide third party train operators, end customers and interested stakeholders with information about the performance of Queensland Rail's below rail infrastructure.

AU1 requires Queensland Rail to prepare an Annual Performance Report within four months of the end of the subject year, or such longer time as agreed by the QCA.<sup>3</sup>

Consistent with clause 5.2 of AU1, this report provides information about:

- Queensland Rail's compliance with the negotiation process requirements of AU1 for 2019-20
- maintenance, operating and capital expenditure for the West Moreton Network for 2019-20 and commentary that explains any differences between actual expenditure and forecast expenditure

- maintenance, operating and capital expenditure for the Mount Isa, North Coast and Metropolitan Networks
- volumes moved on the networks by commodity, where appropriate.

## 2019-20 Below Rail Financial Statements

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Clause 5.3.1(a) of AU1 requires Queensland Rail to publicly release Financial Statements for the preceding year within six months of the end of financial year.

The 2019-20 Below Rail Financial Statements are available on the Queensland Rail website.

The financial information presented in this Annual Report has been prepared consistent with the 2019-20 Below Rail Financial Statements. The 2019-20 Below Rail Financial Statements provide more information about the revenue and expenditure for Queensland Rail's overall below rail activities including details for the West Moreton Network, North Coast Line and Mount Isa Line and rest of the below rail network.

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<sup>1</sup> Queensland Rail all networks Access Billing invoiced

<sup>2</sup> West Moreton, Mount Isa and North Coast Line networks

<sup>3</sup> On 23 April 2020, the QCA approved the extension of the date for the public release of the 2019-20 Annual Performance Report to 31 December 2020 to align the report with the public release of Queensland Rail's 2019-20 Below Rail Financial Statements.

**Map 1: Queensland Rail's Regional Rail Network**



| Name                   | Location   | TAL   | Freight  |
|------------------------|--|-------|--|
| North Coast Line       | Nambour to Cairns  | 20    | General Freight<br>Sugar<br>Grain<br>Livestock   |
| Mount Isa Line         | Sutart to Mount Isa & Flynn to Phosphate Hill                  | 20    | Mineral Concentrate<br>Copper Anode<br>Lead ingots<br>Mining inputs<br>Acid<br>Fertilizer<br>Livestock |
| West Moreton           | Rosewood to Miles  | 15.75 | Coal<br>Livestock<br>Grain   |
| Western System         | Miles to Charleville & Quilpie and branch lines                | 15.75 | Livestock<br>Grain   |
| South Western System   | Toowoomba to Wallangarra and Thallon and Wyreema to Millmerran | 15.75 | Grain  |
| Central Western System | Emerald to Winton and branch lines                             | 15.75 | General Freight<br>Livestock   |
| SEQ Network            | South East Queensland  | 20    | Coal<br>General Freight<br>Livestock<br>Grain  |
| Tableland System       | Forsayth to Cairns   | 15.75 | Kuranda Scenic Rail  |
| Aurizon                | Various  | 26    | Coal   |



# 2019–20 NEGOTIATION PROCESS

Queensland Rail is required to report on a range of measures across the access negotiation process, including capacity information requests, access applications, Indicative Access Proposals (IAPs), negotiation cessation notices and access agreements.

## Performance measures

| 1. Request for Capacity Information  |  |                 |
|--|--|-----------------|
| Capacity Information provided by Queensland Rail   | Number of requests                             | 0               |
|  | Average business days to provide information   | N/A             |
| 2. Access Applications   |  |                 |
| Access Applications acknowledged within 5 Business Days <sup>4</sup>   | Number of Access Applications                  | 23              |
|  | % of Access Applications                       | 100             |
| Access Applications not acknowledged within 5 Business Days  | Number of Access Applications                  | 0               |
|  | Average Delay (Business Days)                  | 0               |
| 3. Pre-Negotiations  |  |                 |
| Indicative Access Proposals (IAP) provided within 20 Business Days or within the agreed extension timeframe  | Total Number                                   | 20              |
|  | Within 10 Business Days                        | 14              |
| Number of notice of Intentions to negotiate provided by an Access Seeker within the following timeframes from the date of Queensland Rail issuing the IAPs   | Between 10 and 20 Business Days                | 3               |
|  | Between 21 and 40 Business Days                | 2               |
|  | More than 40 Business Days                     | 0               |
| 4. Disputes  |  |                 |
| Disputes referred to the agreed dispute resolution process   | Number   | 0               |
| Disputes referred to the agreed dispute resolution process and determined in favour of the Access Seeker   | Number   | 0               |
| 5. Cessations  |  |                 |
| Access Applications where Queensland Rail has issued a Negotiation Cessation Notice  | Number   | 0               |
| Percentage of Access Applications in which a Negotiation Cessations Notice was issued  | %  | N/A             |
| 6. Access Agreements   |  |                 |
| Access Agreements executed by Queensland Rail  | Number   | 34 <sup>5</sup> |
| The number of Access Agreements (excluding agreements which extend or renew an Access Holder's Access Rights that existed immediately prior to execution of the agreement) executed by Queensland Rail for which the negotiation period was: | 3 months or less                               | 2               |
|  | more than 3 months but not more than 6 months  | 0               |
|  | more than 6 months but not more than 12 months | 3               |
|  | more than 12 months                            | 0               |

<sup>4</sup> This information includes acknowledgements responding to the receipt of a properly completed Access Application and to the additional or clarified information sought by Queensland Rail under clause 2.3.1 in respect of an Access Application.

<sup>5</sup> Access agreements executed includes all Access Agreements signed for the financial year. This includes extensions (including short term) and amendments to existing agreements which may not have required the submission of an Access Application and for which an IAP would not have been required.

## Performance measures explained

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### **Performance Measure 1—Requests for Capacity Information Clause 5.2.2 (a)**

Clause 2.1.2(b) of AU1 states that a prospective Access Seeker may give a written request to Queensland Rail for relevant Capacity Information and Queensland Rail will make available that Capacity Information within ten Business Days after receiving that request.

### **Performance Measure 2—Access Applications Clause 5.2.2 (b)—(c)**

This measure reports the number and percentage of Access Applications acknowledged in accordance with AU1 and within the applicable timeframe nominated in clause 2.3.2.

Clause 2.3.2 of AU1 requires that, within five Business Days after the later of the receipt of:

- (a) an Access Application; or
- (b) the additional or clarified information required under clause 2.3.1 in respect of that Access Application,

Queensland Rail will give the Access Seeker a written acknowledgement of receipt of the Access Application.

Requests for additional information or clarification by Queensland Rail under clause 2.3.1 of AU1 are not included in this KPI.

The calculation of the 'average delay' excludes the first five business days where the Access Application acknowledgement was still on time, with the calculation only including the additional days after the on-time period. This provides the average business day delay.

### **Performance Measure 3—Pre Negotiations Clause 5.2.2 (d)**

Clause 2.4.1 of AU1 sets a time period of 20 Business Days in which Queensland Rail is to provide an Indicative Access Proposal after acknowledging a completed Access Application.

Clause 2.5.1 of AU1 provides that if an Access Seeker intends to start the negotiation process and proceed with its Access Application on the basis of the relevant Indicative Access Proposal, it must provide Queensland Rail written notice of its intention to do so as soon as reasonably possible.

This measure indicates the number of Indicative Access Proposals provided by Queensland Rail within 20 Business Days as well as the time taken for the relevant Access Seekers to provide their notice of their Intention to Negotiate.

### **Performance Measure 4—Disputes 5.2.2 (e)**

This measure reports on total disputes in the subject Year and the number of these where the Access Seeker has been successful. Refer to clause 6.1 of AU1 for detailed information on the dispute resolution process.

### **Performance Measure 5—Cessations Clause 5.2.2 (f)**

Clause 2.8.1(a) of AU1 provides a number of scenarios in which Queensland Rail may at any time give an Access Seeker notice that it does not intend to enter into an Access Agreement with the Access Seeker (a Negotiation Cessation Notice).

This measure indicates the number and percentage of Negotiation Cessation Notices provided by Queensland Rail. Examples of where a Negotiation Cessation Notice may be given include where, Queensland Rail (acting reasonably) is of the opinion that:

- (c) there is no reasonable likelihood of material compliance by the Access Seeker with the terms and conditions of an Access Agreement; or
- (d) the Access Seeker has no genuine intention of obtaining, or has no reasonable likelihood of using, the Access Rights requested.

Refer to clause 2.8 of AU1 for information relation to the negotiation cessation process.

### **Performance Measure 6—Access Agreements Clause 5.2.2(g)—(h)**

This measure shows the total number of Access Agreements executed by Queensland Rail.

The measure shows number of new Access Applications that have resulted in an Access Agreement being executed by Queensland Rail and the negotiation period for the execution. This measure does not include agreements which extend or renew an Access Holder's Access Rights that existed immediately prior to execution of the agreement.

# WEST MORETON NETWORK

The West Moreton Network is 321km of track that runs from Rosewood to Miles. The key commodities carried on the system are coal and grain, with the Westlander long distance passenger service operating two return services per week.

The West Moreton Network is the only Queensland Rail network for which the QCA sets reference tariffs, with reference tariffs set for coal-carrying train services.

As part of its approval of AU1, the QCA approved what it considers to be the efficient costs of providing services, which includes allowances for the maintenance and operating expenditure, as well as estimated capital expenditure included in reference tariffs as a capital indicator.

AU1 requires Queensland Rail to report on actual expenditure for the relevant financial year against the QCA's estimates of the efficient costs for the year. The QCA cost estimates have been escalated to \$2019-20 applying the assumed 2.5 per cent per annum escalation included in AU1.

The scope of works by activity reflects the original scopes approved by the QCA.

## Maintenance

### Total maintenance costs

Queensland Rail's total maintenance costs for 2019-20 were \$34.3 million compared to the QCA's maintenance allowance of \$22.1 million.

### West Moreton QCA allowance and actual maintenance costs—2019-20 (\$ million)

| Maintenance                            | AU1 Allowance | Actual      |
|--|---------------|-------------|
| Track                                  | 15.3          | 23.7        |
| Trackside Systems                      | 2.2           | 3.5         |
| Other                                  | -             | -           |
| Derailment / collision / flood repairs | -             | 0.3         |
| Structures                             | 3.2           | 2.5         |
| Facilities                             | 1.3           | 4.3         |
| <b>Total</b>                           | <b>22.1</b>   | <b>34.3</b> |

Source: QCA, Queensland Rail

### Track

Track maintenance includes rail, ballast, sleepers and formation. Expenditure on track maintenance in 2019-20

<sup>6</sup> The QCA's Final Decision on the AU1 concluded that ballast undercutting should be treated as capital expenditure. Queensland Rail has included in ballast undercutting expenditure in its 2019-20 Capital Expenditure Submission.

<sup>7</sup> In 2015-16, Queensland Rail implemented a new Enterprise Asset Management System (EAMS) for the planning and management of

was \$8.4 million higher than the QCA forecast maintenance allowance.

The higher costs were driven by:

- An additional \$6.1 million being spent on risk mitigation works following December derailment
- An additional \$1.1 million spent on maintenance ballast at various sites on the Network<sup>6</sup>
- Increased restressing works.<sup>7</sup>

### Forecast and actual maintenance scope 2019-20

| Activity                 | Estimated            | Actual |
|--------------------------|----------------------|--------|
| Mechanised resurfacing   | 254 km               | 314 km |
| Ballast Undercutting     | -                    | 6 km   |
| Ballast maintenance      | 7,750 m <sup>3</sup> | 11,532 |
| Minor yard maintenance   | 10 km                | -      |
| Rail renewal             | 2 km                 | 2 km   |
| Rail stress adjustment   | 32 km                | 44 km  |
| Rail grinding (Mainline) | 105 km               | 22 km  |
| Rail grinding (Turnouts) | 12                   | 11     |

Source: QCA, Queensland Rail

maintenance and capital expenditure. EAMS replaced the previous system of product reporting, which was used as the base for developing the AU1 maintenance cost allowances and included the simplification of the number of maintenance categories for planning and reporting purposes. The previous Asset Management function is no longer separately identified—and these costs are included as part of the build-up of the activity to which asset management relates.

## Structures

Structures include bridges (concrete, steel or timber) and culverts/drains. Bridge maintenance includes ongoing asset inspections and repairs.

Maintenance costs relating to structures on the West Moreton system were \$0.7 million lower than the QCA allowance for 2019-20.

## Trackside systems

Trackside system assets include signalling (interlocking, train detection, level crossings and power supplies) and telecommunications (radio and transmission).

The main activities performed in 2019–20 were the periodic inspections and general repairs, including the replacement of defective components.

Trackside system costs are \$3.5 million in 2019-20, compared to the \$2.2 million QCA maintenance allowance.

The higher trackside maintenance costs were due increased corrective maintenance on both the telecoms backbone assets and signalling assets.

## Facilities/other

Facilities costs are for the maintenance of water, power and lighting facilities in below rail yards and the maintenance of infrastructure depots and associated amenities.

There was an additional \$2.9 million of facilities expenditure relating to painting and renewals on the Network.

## Derailment/Floods/Third party damage

No amount is allocated specifically for derailments, flooding or third-party damage in the QCA maintenance cost allowances.

A major derailment occurred on the West Moreton Network during 2019-20. Most costs relating to this were capital in nature.

Maintenance costs relating to the derailment, floods and third party damage totalled \$0.3 million during 2019-20.

## Operating Expenditure

Queensland Rail's total operating expenditure allowance determined by the QCA for 2019-20 was \$7.7 million. This compares to actual operating expenditure of \$12.3 million.

### West Moreton QCA allowance and actual operating expenditure by category—2019-20 (\$ million)

| Operating Expenses          | AU1 Allowance | Actual       |
|-----------------------------|---------------|--------------|
| Train Operations Management | 2.37          | 5.00         |
| Other Expenses              | 3.51          | 5.41         |
| Corporate Overhead          | 1.86          | 1.89         |
| <b>Total</b>                | <b>7.74</b>   | <b>12.30</b> |

Source: QCA, Queensland Rail

The higher actual operating expenditure in 2019-20 compared to the QCA's efficient cost estimate was due to:

- train control costs \$2.6 million higher than those estimated by the QCA, noting that Queensland Rail's train operations management function includes the costs of train control supervisors, network planning and possession and operational planning which were not included in the QCA's cost allowance.
- a change to the way telecommunications backbone costs are treated in the Below Rail Financial Statements, with depreciation for telecommunications backbone assets separately identified and included in Other Expenses. The QCA operating expenses allowance also applies a lower allocation of telecommunications costs to the below-rail function than is used in the Below Rail Financial Statements

## Capital Investment

Total capital investment for 2019-20 on the West Moreton Network was \$36.2 million (excluding the allocation of network wide project). Expenditure major projects included:

### West Moreton Network major capital expenditure 2019-20

| Project                                  | \$ million |
|--|------------|
| Toowoomba Range Slope Stabilisation      | 18.2       |
| Timber Bridge Elimination - West Moreton | 4.2        |
| Toowoomba Range Clearance Upgrade        | 3.5        |
| Timber Resleeping                        | 3.0        |
| West Moreton Derailment Recovery         | 2.6        |
| West Moreton Strengthening               | 2.2        |
| Various/Other                            | 2.5        |

Source: Queensland Rail



It should be noted that capital expenditure differs to the treatment of the QCA's assessment of capital expenditure which reflects assets commissioned in a financial year.

## RAB roll-forward

Schedule E of AU1 sets out the process for the roll-forward of the West Moreton Network Regulated Asset Base (RAB) including the process for the QCA's annual review of the prudence of scope, standard of works and cost of projects to be included in the RAB for the preceding financial year.

On 22 October 2020 the QCA confirmed the West Moreton RAB was valued at \$363.15 million, as at 30 June 2019.

## Volumes

Approximately 5.2 million tonnes were moved on the West Moreton Network in 2019-20, with the West Moreton Network also connecting to the South West and Western Networks.

### West Moreton Network volumes 2019-20, by commodity

| Commodity                | Train paths  | NT('000s) <sup>8</sup> | GTKs (million) |
|--------------------------|--------------|------------------------|----------------|
| Agriculture <sup>9</sup> | 36           | 7                      | 7              |
| Coal                     | 5,183        | 5,171                  | 2,796          |
| Passenger/Charter        | 188          | n.a.                   | 11             |
| Other                    | 221          | 11                     | 13             |
| <b>Total</b>             | <b>5,628</b> | <b>5,189</b>           | <b>2,827</b>   |

Source: Vizirail, Queensland Rail Billing

<sup>8</sup> Net tonnes measured on the Rosewood to Toowoomba corridor

<sup>9</sup> Agriculture includes livestock and grain

# OTHER NETWORKS

Queensland Rail is required to report on a range of measures for each major Regional Network where there is no reference tariff. Measures include:

- maintenance costs of the Regional Network and scope of maintenance performed
- operating costs of the Regional Network
- the capital investment in the previous financial year and expected capital investments over the next one to four years
- volumes for non-passenger Train Services including aggregate Train Paths, aggregate net tonnes; and aggregate gtps, broken down by commodity where appropriate. For passenger Train Services, the aggregate Train Paths used by those Train Services.

The 2019-20 Below Rail Financial Statements, prepared consistent with the Costing Manual provides more detail about the revenue and expenditure for the major Regional Networks.

## Maintenance

### Total maintenance costs

Maintenance costs by major Network and category of work performed are shown below.

#### 2019-20 maintenance costs by regional network (\$ million)

|                          | Mount Isa    | North Coast  | Metro         |
|--------------------------|--------------|--------------|---------------|
| Track                    | 26.99        | 72.34        | 126.35        |
| Derailment/flood repairs | 8.99         | 0.84         | 0.14          |
| Structures               | 1.82         | 5.55         | 5.53          |
| Facilities               | 5.82         | 16.20        | 33.90         |
| Other                    | -            | 0.02         | -             |
| <b>Total</b>             | <b>43.62</b> | <b>94.93</b> | <b>165.92</b> |

Source: Queensland Rail

### Track

The table below shows the estimated scope of maintenance by major function in 2019-20.

#### Track maintenance scope by major function 2019-20

|                               | Mount Isa | North Coast | Metro |
|-------------------------------|-----------|-------------|-------|
| <b>Mechanised resurfacing</b> |           |             |       |
| Mainline (km)                 | 538       | 578         | 285   |
| Turnouts (No)                 | 36        | 37          | 191   |
| <b>Ballast maintenance</b>    |           |             |       |
| m <sup>3</sup>                | 39,282    | 47,471      | 6,828 |
| <b>Ballast undercutting</b>   |           |             |       |

<sup>10</sup> Km which is not resurfacing

<sup>11</sup> Maintenance only

|                                | Mount Isa | North Coast | Metro |
|--------------------------------|-----------|-------------|-------|
| Distance (km) <sup>10</sup>    | 30        | 7           | 12    |
| <b>Rail renewal</b>            |           |             |       |
| Distance (km) <sup>11,12</sup> | 7         | 20          | 1     |
| <b>Rail stress adjustment</b>  |           |             |       |
| Distance (km)                  | N/A.      | N/A         | N/A.  |
| <b>Rail grinding</b>           |           |             |       |
| Mainline (track km)            | 222       | 213         | 745   |
| Turnouts (No)                  | 35        | 55          | 94    |

Source: Queensland Rail

### Structures

Structures include bridges (concrete, steel or timber) and culverts/drains. The main structures-related activities performed in 2019-20 were:

- Periodic inspections
- General repairs, including replacement of defective components
- Camera-operated culvert inspections and repairs within the metropolitan area
- Bridge component replacement including piers.

### Facilities

Facilities costs are for the maintenance of water, power and lighting facilities in below rail yards and the maintenance of infrastructure depots and associated amenities. The main activities performed in 2019-20 were the periodic inspections and general repairs, including the replacement of defective components.

<sup>12</sup> In the Metropolitan Network, rail renewal is recognised as capital expenditure

## Other works

Other works includes all works not costed in any of the work categories specified above including audits and inspections and associated facilities and telecommunications works.

## Derailments/Collisions/Flood Repairs

On-going repairs from the February 2019 Flooding Event on the Mount Isa Line continued in 2019-20. Queensland Rail delivered reinstatement of track in areas including Mingela to Sellheim, Ravenswood and Phosphate Hill locations as well as at Prairie and Emu Creek following washouts.

## Operating costs

The Table below shows operating expenditure by Regional Network for 2019-20.

### Operating expenditure costs by Regional Network 2019-20 (\$ million)

|                             | Mount Isa    | North Coast  | Metro        |
|-----------------------------|--------------|--------------|--------------|
| Train operations management | 4.11         | 11.42        | 29.66        |
| Other expenses              | 6.45         | 15.44        | 38.17        |
| Corporate overheads         | 4.43         | 9.15         | 19.57        |
| <b>Total</b>                | <b>14.99</b> | <b>36.01</b> | <b>87.40</b> |

Source: Queensland Rail

## Capital expenditure

The table below provides a summary of capital investment in below rail infrastructure (excluding stations and platforms) for 2019-20 and forecast capital expenditure for 2020-21 to 2023-24.

### Actual and forecast capital expenditure by Regional Network — 2019-20 to 2021-23 (\$ million)

| Network     | Act 19-20 | Bud 20-21 | Bud 21-22 | Bud 22-23 | Bud 23-24 |
|-------------|-----------|-----------|-----------|-----------|-----------|
| Mount Isa   | 20.7      | 14.8      | 21.2      | 21.3      | 7.7       |
| North Coast | 119.8     | 73.3      | 94.8      | 77.0      | 72.1      |
| Metro       | 175.7     | 251.5     | 221.9     | 173.1     | 152.0     |

Source: Queensland Rail

Major projects completed and planned by system are shown in the tables below.

### Major capital expenditure projects, actual and forecast Mount Isa 2019-20 to 2023-24

| Project   | \$ million |
|---|------------|
| <b>Completed 2019-20</b>                                      |            |
| Sleeper replacement (including replacement of steel sleepers) | 7.5        |
| Rerailing   | 5.9        |
| Ballast renewals  | 3.9        |
| Track Renewals  | 2.9        |
| <b>Major capital investment planned 2019-20 to 2023-24</b>    |            |
| Track renewals  | 51.1       |
| Rerailing   | 8.2        |
| Civil Works   | 2.5        |

Source: Queensland Rail

The key priorities for the Mount Isa Line continue to be capital renewal projects to support the ongoing reliability and safety of the system.

Queensland Rail is continuing to progress improvements to the line with replacement of steel sleepers with concrete sleepers and 41kg/m rail with 60kg/m rail.

### Major capital expenditure projects, actual and forecast North Coast Line 2019-20 to 2023-24

| Project   | \$ million |
|---|------------|
| <b>Completed 2019-20</b>  |            |
| ATP Enhancements  | 24.8       |
| Timber bridge eliminations  | 35.6       |
| Timber re-sleepering  | 14.3       |
| <b>Major capital investment planned 2019-20 to 2023-24</b>                  |            |
| Mechanised re-sleepering  | 91.6       |
| ATP Enhancements  | 30.1       |
| Townsville trackworks   | 18.0       |
| European Train Control System (ETCS) Caboolture to Gympie North ATP Upgrade | 17.5       |
| Signalling renewal – Cairns   | 15.5       |

Source: Queensland Rail

**Major capital expenditure projects, actual and forecast  
Metropolitan 2019-20 to 2023-24**

| Project  | \$ million |
|--|------------|
| <b>Completed 2019-20</b>                                   |            |
| European Train Control System (ETCS)—Inner City            | 67.0       |
| Power distribution   | 15.9       |
| Switchroom renewal Mayne and Yeerongpilly                  | 8.5        |
| SEQ Track and Level Crossing Reconditioning                | 7.6        |
| Track renewals   | 5.9        |
| <b>Major capital investment planned 2019-20 to 2023-24</b> |            |
| European Train Control System (ETCS)—Inner City            | 434.7      |
| Track renewals   | 49.5       |
| Caboolture Feeder Station Renewal                          | 37.3       |
| SEQ Track and Level Crossing Reconditioning                | 18.5       |
| Other - Rail   | 18.4       |

*Source: Queensland Rail*

## Volumes

Net tonnes on the Mount Isa Line and the North Coast Line may travel through multiple corridors on a single journey. Best estimates have been made of net tonnes and train paths by selecting representative sections within the system.

### Mount Isa

Approximately 4.7 million tonnes of freight were moved on the Mount Isa Line in 2019-20, with Mount Isa, Cloncurry and Phosphate Hill being the main destinations. Estimated net tonnes by corridor are shown below.

#### 2019-20 Estimated net tonnes by commodity Mount Isa Line ('000 tonnes)

| Commodity                      | Stuart to Cloncurry | Cloncurry to Flynn | Flynn to Mount Isa | Flynn to Phosphate Hill |
|--------------------------------|---------------------|--------------------|--------------------|-------------------------|
| Industrial products and metals | 1,693               | 1,630              | 1,334              | 2,148                   |
| Minerals concentrate           | 2,023               | 1,096              | 1,099              | 0                       |
| Agriculture                    | 30                  | 0                  | 0                  | 0                       |
| Other                          | 11                  | 7                  | 4                  | 2                       |
| <b>Total</b>                   | <b>3,757</b>        | <b>2,733</b>       | <b>2,437</b>       | <b>2,150</b>            |

Source: Vizirail

#### Notes:

1. Industrial products and metals includes acid, fertiliser and intermodal freight (mining inputs) and metals
2. Agriculture includes livestock

#### 2019-20 Train paths by commodity—Mount Isa Line

| Commodity                    | Stuart to Cloncurry | Cloncurry to Flynn | Flynn to Mount Isa | Flynn to Phosphate Hill |
|------------------------------|---------------------|--------------------|--------------------|-------------------------|
| Industrial products & metals | 1,160               | 1,144              | 1,653              | 2,121                   |
| Minerals concentrate         | 920                 | 368                | 374                | 0                       |
| Agriculture                  | 186                 | 0                  | 0                  | 0                       |
| Long distance passenger      | 140                 | 135                | 135                | 0                       |
| Other                        | 90                  | 36                 | 31                 | 16                      |
| <b>Total</b>                 | <b>2,496</b>        | <b>1,683</b>       | <b>2,193</b>       | <b>2,137</b>            |

Source: Vizirail

#### 2019-20 Gross tonne kilometres—Mount Isa Line

| Commodity                      | Gtk (million) |
|--------------------------------|---------------|
| Industrial products and metals | 3,394         |
| Minerals concentrates          | 2,496         |
| Agriculture                    | 115           |
| Long distance                  | 33            |
| Other                          | 23            |
| <b>Total</b>                   | <b>6,061</b>  |

Source: Vizirail

### North Coast Line

Over 4.4 million tonnes of freight were moved on the North Coast Line in 2019-20 with containerised freight accounting for around two-thirds of tonnes moved. Estimated net tonnes by corridor are shown below.

#### 2019-20 Estimated net tonnes by commodity North Coast Line ('000 tonnes)

| Commodity             | Bundaberg to Parana | Gladstone to Mackay | Mackay to Townsville | Townsville to Cairns |
|-----------------------|---------------------|---------------------|----------------------|----------------------|
| Containerised freight | 2,948               | 2,471               | 1,945                | 820                  |
| Agriculture           | 67                  | 46                  | 1,487                | 0                    |
| Other                 | 16                  | 108                 | 87                   | 27                   |
| <b>Total</b>          | <b>3,030</b>        | <b>2,625</b>        | <b>3,519</b>         | <b>847</b>           |

Source: Vizirail

#### Notes:

1. Net tonnes on the North Coast Line excludes freight from the Mount Isa Line in transit from Stuart to the Port of Townsville (14 km)
2. Agriculture includes bulk sugar, livestock and grain, but excludes fruit, vegetables and containerised meat

#### 2019-20 Train paths by commodity—North Coast Line

| Commodity               | Bundaberg to Parana | Gladstone to Mackay | Mackay to Townsville | Townsville to Cairns |
|-------------------------|---------------------|---------------------|----------------------|----------------------|
| Containerised freight   | 3,777               | 3,768               | 3,100                | 606                  |
| Agriculture             | 312                 | 265                 | 2,337                |                      |
| Long distance passenger | 1,023               | 525                 | 472                  | 2,002                |
| Other                   | 122                 | 424                 | 127                  | 947                  |
| <b>Total</b>            | <b>5,234</b>        | <b>4,982</b>        | <b>6,036</b>         | <b>3,555</b>         |

Source: Vizirail

#### 2019-20 Gross tonne kilometres—North Coast Line

| Commodity               | Gtk (million) |
|-------------------------|---------------|
| Containerised freight   | 5,545         |
| Agriculture             | 524           |
| Long distance passenger | 429           |
| Other                   | 113           |
| <b>Total</b>            | <b>6,611</b>  |

Source: Vizirail

#### Notes:

1. Agriculture includes bulk sugar, livestock and grain, but excludes fruit, vegetables and containerised meat

## Metropolitan

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Over 8.8 million tonnes of freight were moved on the Metropolitan Network in 2019-20, with the North Coast Line and West Moreton Network connecting to the Metropolitan Network.

The Metropolitan Network moves coal and grain from the West Moreton Network/South West Queensland and connects to the North Coast Line for containerised general freight and agricultural movements. Estimated net tonnes are shown below.

### 2019-20 Net tonnes—Metropolitan ('000 tonnes)

| Commodity                     | Net tonnes   |
|-------------------------------|--------------|
| Containerised general freight | 3,150        |
| Coal                          | 5,564        |
| Agriculture                   | 70           |
| Other                         | 21           |
| <b>Total</b>                  | <b>8,805</b> |

Source: Vizirail, Queensland Rail Billing

### 2019-20 Train paths by commodity— Metropolitan

| Commodity               | Caboolture-Nambour | Corinda-Ipswich | Dutton Park to Fisherman Islands |
|-------------------------|--------------------|-----------------|----------------------------------|
| Freight                 | 3,780              | 7               | 511                              |
| Coal                    | 0                  | 5,572           | 5,586                            |
| Agriculture             | 310                | 291             | 9                                |
| Long distance passenger | 1,682              | 263             | 4                                |
| Other                   | 134                | 514             | 471                              |
| <b>Total</b>            | <b>5,906</b>       | <b>6,647</b>    | <b>6,581</b>                     |

Source: Vizirail

### 2019-20 Gross tonne kilometres—Metropolitan (excluding Citytrain)

| Commodity                     | Gtk (million) |
|-------------------------------|---------------|
| Containerised general freight | 672           |
| Coal                          | 797           |
| Agriculture                   | 48            |
| Long distance passenger       | 67            |
| Other                         | 34            |
| <b>Total</b>                  | <b>1,617</b>  |

Source: Vizirail

# DEFINITIONS

Where a term is capitalised and is not included in the below definitions it is taken to have the definition in AU1

**Access** means the non-exclusive right to use a specified part of the Network for the purpose of operating Train Services.

**Access Agreement** means an agreement between Queensland Rail and an Access Holder for the provision of Access.

**Access Application** means a request for Access Rights by an Access Seeker that includes:

- (a) the information referred to under schedule B of AU1; and
- (b) all additional or clarified information required by Queensland Rail through the acknowledgement of an Access Application processed described in Section 2.3 of AU1.

**Approved Capital Expenditure** means all capital expenditure accepted into a Regulatory Asset Base by the QCA in accordance with clause 2.1(a) of schedule E of AU1.

**AU1** means Queensland Rail's Access Undertaking 1.

**Below Rail Financial Statements** has the same meaning as Financial Statements in AU1.

**Below Rail Services** means the activities associated with the ownership, provision and management of the Network, including:

- (a) the construction, maintenance and renewal of Network assets including to ensure that the Network is provided to the standard required to meet Queensland Rail's obligations to each Network Participant; and
- (b) the network management services required for the safe operation of Train Services on the Network including:
  - Network Control; and
  - the implementation of procedures and systems, including supporting communications systems, for the safe operation of Train Services and protection of work sites on the Network,

and **Below Rail** has a similar meaning.

**Capacity Information** means the information referred to under schedule A of AU1.

**Capital Indicator** means the annual capital expenditure allowance approved by the QCA for the purpose of assessing the relevant Reference Tariff.

**Common Costs** means those costs associated with the provision of the Network by Queensland Rail that are not Incremental Costs for any particular Train Service.

**CPI** means the Consumer Price Index: All Groups – Brisbane (Australian Bureau of Statistics Publication No.6401.0) as published by the Australian Bureau of Statistics (or other successor, authority or instrumentality having jurisdiction in the matter).

**Customer** means a person that the Access Holder or Access Seeker is providing or intending to provide Train Services (as a Rolling Stock Operator) for or on behalf of.

**Customer Access Seeker** means, where there are Competing Access Seekers and one of those Access Seekers (Principal Access Seeker) is the Customer for the other Competing Access Seekers, the Principal Access Seeker.

**Dispute** means, any dispute, complaint or question arises between Queensland Rail and an Access Seeker in relation to any provision of AU1.

**End User Access Seeker** means an Access Seeker who is, or will be, party to an Access Agreement with a Nominated Rolling Stock Operator, granting rights to that Nominated Rolling Stock Operator for the non-exclusive utilisation of a specified section of the Network for the purposes of operating Train Services.

**gtk** means the gross tonne kilometres attributed to the relevant Train Service, being the total gross weight (in tonnes) of the Rolling Stock utilised in the relevant Train Service (including all goods, products, persons or matter carried) multiplied by the distance (in kilometres) travelled by the Train Service, as calculated in accordance with the relevant Access Agreement.

**Indicative Access Proposal** means a non-binding written response from Queensland Rail to an Access Application which includes the information set out in clause 2.4.2 of AU1.

**Metropolitan Network** means that part of the Network bounded to the north by (and including) Nambour station and to the west by (and including) Rosewood and including all branch lines comprised in that part of the Network.

**Mount Isa Network** means that part of the Network bounded to the east by (and including) Stuart and to the west by (and including) Mount Isa and including all branch lines comprised in that part of the Network.

**Negotiation Cessation Notice** means a notice to an Access Seeker that it does not intend to enter into an Access Agreement with the Access Seeker pursuant to the relevant Access Application.

**Network** means the rail transport infrastructure (as defined in the TIA) the use of which is taken, pursuant to section 250(1)(b) of the QCA Act, to be a service declared under Part 5, Division 2 of the QCA Act (but excluding any rail transport infrastructure (as defined in the TIA) the use of which is referred to in section 249(2) of the QCA Act).

**North Coast Network** means those parts of the Network bounded to the south by (and including) Nambour station, to the north by (and including) Cairns and to the west by (but excluding) Stuart and including all branch lines comprised in that part of the Network. The North Coast Network excludes the sections between Parana and Rocklands Durrobbara to Kaili (which is part of Aurizon's Newlands Coal system).

**nt** means the net tonnes attributed to the relevant Train Service, being the total gross weight (in tonnes) of the Rolling Stock, when loaded, utilised in the relevant Train Service (including all goods, product, persons or matter carried) less the weight of such Rolling Stock (in tonnes) when empty, as calculated in accordance with the relevant Access Agreement.

**QCA** means the Queensland Competition Authority as established under the QCA Act.

**Queensland Rail** means Queensland Rail Limited ACN 132 181 090.

**Railway Manager** means an Accredited rail infrastructure manager (as defined in the TRSA).

**Reference Tariff** means an Access Charge, calculated in accordance with schedule D of AU1, applicable for a specified Reference Train Service.

**Regulatory Asset Base** means the asset value accepted by the QCA for the purpose of developing a Reference Tariff, as maintained by Queensland Rail in accordance with clause 3.8 of AU1.

**Renewal** means, in relation to an Access Holder's Access Rights that are to expire, the Renewal Access Seeker entering into an Access Agreement to hold or continue to hold Access Rights for a further term commencing immediately after the expiry of the relevant Access Rights that have the same origin and destination, require the same or less Train Path requirements and otherwise are substantially equivalent to the relevant Access Holder's Access Rights immediately prior to their expiry, subject to any variation referred to in clause 3.3(f) of AU1.

**Renewal Access Seeker** means, in relation to an Access Holder's Access Rights that are to expire:

- (a) the Access Holder;
- (b) an Access Holder's Rolling Stock Operator; or
- (c) another Rolling Stock Operator competing for the relevant Access Rights.

**Renewal Application** means an Access Application by a Renewal Access Seeker solely for a Renewal.

**Rolling Stock** means rolling stock (as defined under the TRSA) that operates on or uses Track.

**Rolling Stock Operator** means a rolling stock operator (as defined under the TRSA) who operates or will operate Rolling Stock on the Network.

**Track** means that part of the Network comprising the rail, ballast, sleepers and associated fittings.

**Train** means any self-propelled configuration of Rolling Stock operating as a unit on Track.

**Train Path** means the use of a specified portion of the Network, which may include multiple sections in sequential order, at a specified time.;

**Train Service** means a Train operating on the Network from a specified origin to a specified destination.

**Undertaking** means a document created by Queensland Rail and approved by the QCA, which provides a framework to manage negotiations with Access Seekers for access to Queensland Rail's rail infrastructure for the purpose of operating train services.

**West Moreton Network** means that part of the Network comprising the rail corridor from (and including) Rosewood to Miles, excluding all branch lines not directly connecting coal mine loading facilities to that rail corridor.

**Year** means the period of 12 months commencing 1 July.



## **CEO Responsibility Statement**

### **Annual report on negotiation process**

#### **2019-20 Financial Year**

Clause 5.2.1 of Queensland Rail's Access Undertaking 1 (**AU1**) requires Queensland Rail to publicly release an annual report about performance of a range of matters as set out in Clause 5.2.2 of AU1.

Clause 5.2.1(c) requires that the annual performance report (the **Report**) be accompanied by a responsibility statement (**Responsibility Statement**) signed by the Chief Executive Officer (**CEO**) of Queensland Rail. Queensland Rail has completed the Report for the 2019-20 financial year.

#### **Report Assumptions**

1. Information about the negotiation process under Clauses 5.2.2 (a) to (h) is based on the information and explanations given by management, and a system of internal control that provides reasonable assurance that records related to the negotiation of access agreements may be relied on for the preparation of the Annual Performance Report.
2. Information about the maintenance, operating and capital investment costs Clauses 5.2.2 (i) to (j) has been prepared reflecting information in the Below Rail Financial Statements, which have been subject to external audit, consistent with the requirements of the 2017 Costing Manual.
3. Capital investment costs for the system summary includes direct investment in the system only. It does not include an allocation of network-wide and corporate enabling capital investment or adjustments for non-material operational expenditure which are separately accounted for in the Statement of Investments with the Below Rail Financial Statements.
4. Information about the scope of maintenance performed on the Metropolitan, North Coast Line and Mount Isa Line clause 5.2.2 (j)(i) is based on best available information. However, as there is no single system which collects the information required by the Queensland Competition Authority — the information provided is the best estimate in some circumstances.

#### **Certificate of Queensland Rail Limited**

Subject to the qualification set out in 3 above, this Report has been prepared in accordance with clauses 5.2.1 and 5.2.2 of Queensland Rail's Access Undertaking 1, approved by the Queensland Competition Authority on 11 October 2016.



**Nick Easy**  
Chief Executive Officer

*16* **December 2020**