

File Ref: 802592

30 January 2015

Mr John Prescott
Chairman of the Board
Aurizon Holdings Limited
GPO Box 1429
Brisbane QLD 4001

Dear Mr Prescott

Draft Decision - Aurizon Network 2014 Draft Access Undertaking

On 11 August 2014, Aurizon Network submitted the 2014 DAU which replaced the 2013 Draft Access Undertaking (2013 DAU) submitted on 30 April 2013.

Today, we published our draft decision to refuse to approve Aurizon Network's 2014 draft access undertaking (2014 DAU) for the 2014 DAU period. This draft decision deals with all matters relevant to the 2014 DAU excluding those already addressed as part of our MAR draft decision, released on 30 September 2014. A copy of our draft decision is attached.

The draft decision sets out our reasons for refusing to approve Aurizon Network's submitted 2014 DAU, and the manner in which we consider it appropriate that the 2014 DAU should be amended so that we could approve it.

Considerable time has elapsed since the 2013 DAU was submitted and the release of this draft decision on the 2014 DAU. This time reflects the scope of changes Aurizon Network proposed, the intense stakeholder interest in the development of the new undertaking and our detailed consideration of the matters raised.

I also acknowledge that the 2014 DAU reflects the results of extensive consultation between Aurizon Network and industry participants for the 15-month period after the submission of the 2013 DAU. I support Aurizon Network's commitment to working cooperatively with its stakeholders over the period and that considerable progress appears to be made between the parties. However, there are many difficult issues which have not been resolved by the parties.

We note the development of the 2014 DAU is occurring at a challenging time for the coal industry and stakeholders have all emphasised the need to improving productivity and competitiveness in the coal supply chain, of which Aurizon Network is a part, to provide for more efficient coal export costs.

In this context, and as required by section 138(2) of the QCA Act, we have carefully balanced the economically efficient use of infrastructure, the legitimate interests of Aurizon Network, stakeholder interests and the public interest in reaching this draft decision.

Our final decision, planned for July 2015 will consolidate the MAR draft decision and this draft decision, reflecting the submissions we receive.

We invite stakeholders to submit their views on this draft decision. A copy of the submissions page is attached for your information. Related documents can be downloaded from our website www.qca.org.au.

Yours sincerely



Malcolm Roberts
Chairman

cc: *Mr Lance Hockridge, Managing Director and Chief Executive Officer, Aurizon*
Mr Alex Kummant, Executive Vice President, Network, Aurizon