

File Ref: 1258716

14 September 2017

Mr Nick Easy
Chief Executive Officer
Queensland Rail Ltd
GPO Box 1429
Brisbane Qld 4001

Dear Mr Easy

Initial Undertaking Notice

The QCA considers that having an appropriate undertaking in place for Queensland Rail is important for promoting economically efficient outcomes, consistent with the object of Part 5 of the *Queensland Competition Authority Act 1997* (the QCA Act).

The services provided by Queensland Rail, being a declared service under section 250(1)(b) of the QCA Act, are of such significance and complexity that the object of Part 5 is best met if an operative access undertaking is in place in respect of the declared services when the 2016 access undertaking terminates in June 2020, or soon afterwards.

The QCA considers that this is best achieved by a process that provides certainty as to the development, consultation and ultimately the approval of an appropriate undertaking in a timely manner.

The QCA has therefore decided to issue an Initial Undertaking Notice pursuant to section 133 of the QCA Act, requiring Queensland Rail to give the QCA a draft access undertaking (DAU) for the services declared under section 250(1)(b) of the QCA Act by 30 April 2018.

We have issued the notice now to maximise the chances that an appropriate replacement undertaking will be approved by the time the 2016 access undertaking expires in June 2020. The process following from our notice will provide certainty to both Queensland Rail and its stakeholders about how that goal will be achieved.

In deciding to issue the notice now, the QCA has had regard to the time it took to approve the 2016 access undertaking. The QCA has sought to allow sufficient time for Queensland Rail and other stakeholders to comment on Queensland Rail's DAU and the QCA's draft decision. We have also considered the need for Queensland Rail to, among other things:

- (a) consult and, where possible, reach agreement with stakeholders on the provisions of the DAU;
- (b) develop a well-supported proposal for the West Moreton tariff; and
- (c) prepare explanatory material to accompany the DAU.

While the period provided is more than double the 90-day minimum requirement in the QCA Act, and should be sufficient for Queensland Rail to prepare its DAU, we will consider requests for further extensions of time, pursuant to section 133(1)(b) of the QCA Act.

Our Chief Executive Officer, Charles Millstead, would welcome the opportunity to discuss the QCA's approach to the replacement access undertaking. We will be in touch to arrange an appropriate time to meet.

If you have any questions in the meantime about the matters discussed in this letter, please contact Stephen Wisenthal on 07 3222 0507 or stephen.wisenthal@qca.org.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Roy Green', with a long horizontal flourish extending to the right.

Professor Roy Green
Chair