

11 June 2019

Mr Charles Millstead
Chief Executive Officer
Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

Commercial in Confidence

Dear Mr Millstead

SUBMISSION: QUEENSLAND COMPETITION AUTHORITY'S DECLARATION REVIEW

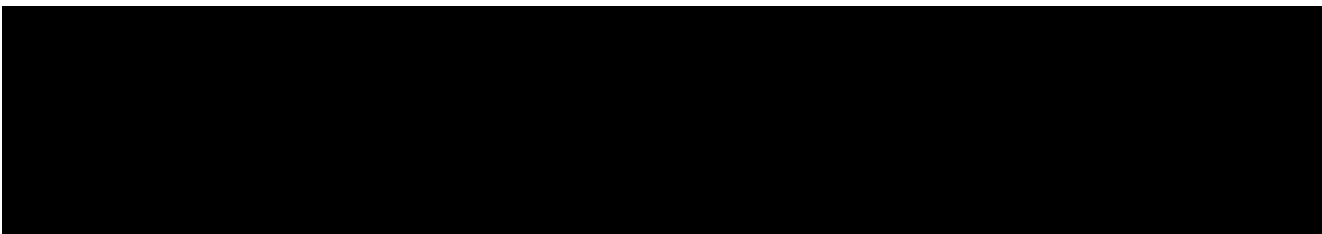
The QCA has invited further comments on late submissions received from Watco Australia Logistics Pty Ltd (**Watco**) on 8 May and 27 May 2019. This letter is in response to that invitation.


In its submission of 8 May 2019 Watco states that it relied on terms and pricing contained in an indicative access proposal received from Queensland Rail to support Watco's significant required investment in new rail rollingstock to provide freight services under its rail services contract with GrainCorp. Watco goes on to state that it was recently advised by Queensland Rail that track access terms and pricing are likely to change from 2020, and that Queensland Rail could therefore only offer a short-term contract for track access (less than ten years), for its GrainCorp freight task.

Watco states that the reduced access term and potential introduction of additional terms and future pricing uncertainty puts at risk the significant investment Watco is making for the GrainCorp rail services contract, and on that basis Watco has concerns with the QCA's draft recommendation that the Central Western System, Western System and South Western System not be declared.


In its amending submission dated 27 May 2019, Watco advised that its statements about access arrangements relating to the GrainCorp freight task are not applicable, as it had recently received confirmation that Queensland Rail will provide a ten year access term.

The purpose of this submission is to clarify the access arrangements offered to Watco.



Date	Event
	



 evidence Queensland Rail's incentive to support Watco in both a declared and undeclared world. Further, for reasons already set out in Queensland Rail's submissions to the QCA (e.g. Queensland Rail does not have pricing power on the networks in question evidenced by its access charges being set at well below the ceiling limits), there will be no difference in competition whether or not the services are declared. Finally, Watco will be on a long-term contract based upon the current Standard Access Agreement over the following ten years, and so competition will not be materially affected without declaration.

We trust this assists in clarifying Queensland Rail's access arrangements with Watco.

If you have any questions in relation to this submission, please do not hesitate to contact me.

Yours sincerely



Neil Buckley ✓
General Manager – Rail Access Solutions
Queensland Rail