



20 May 2013

Mr Paul Bilyk
Director, Rail and Ports
Queensland Competition Authority
GPO Box 2257
Brisbane Qld 4001

By Email: To: rail@qca.org.au

Dear Mr Bilyk,

Aurizon Network's extension of 2010 Access Undertaking DAAU

Vale Australia Pty Ltd (**Vale**) welcomes the opportunity to provide a submission to the Queensland Competition Authority (**QCA**) in respect of the proposed Extension of the 2010 Access Undertaking draft amending access undertaking (**DAAU**) submitted by Aurizon Network Pty Ltd (**Aurizon**).

Vale has been an active participant in the Queensland Resources Council's (**QRC**) efforts to develop an industry position regarding this matter. Vale notes that the QRC will be providing a submission setting out this industry position, and takes this opportunity to support the QRC's submission to the QCA and provide comment on additional matters.

It is important to acknowledge that Aurizon has failed to provide a new Access Undertaking (**UT4**) in sufficient time to allow for its implementation by the time of the termination of the existing Access Undertaking (**UT3**). Vale's feedback to Aurizon has consistently been that there should not be a substantial rewrite of the existing undertaking for UT4 considering the number of outstanding issues from UT3. However, the draft UT4 Aurizon presented is significantly different from the existing undertaking and Vale believes this has undoubtedly contributed to the delay in providing the new undertaking. Given the quantity of information and significant adjustments in the recent UT4 submission presented by Aurizon Network, Vale has major doubts that the undertaking will be finalised by the end of June 2014.

While supporting the QRC submission, Vale continues to have major concerns with the regulatory risk and uncertainty that now prevails for Access Seekers of the Central Queensland Coal Region. Vale believes there has been a significant shift in both the non regulated returns and risk transfer throughout UT3 which has resulted in less certainty around access to the infrastructure, which should be considered when determining the structure of UT4. Aurizon has stated in its UT4 submission that it proposes to use a commercial negotiation approach rather than the prescriptive regulated approach of the past. Vale is concerned about the effectiveness of a commercial negotiation structure when the owner of the infrastructure and services holds a monopoly position. Vale believes long term structured regulation is necessary to ensure appropriate regulated returns, to maintain an efficient market and to ensure an appropriate risk allocation between service providers and customers.

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For further information regarding this advice please don't hesitate to contact me on [REDACTED]

Yours sincerely

[REDACTED]
Bob Skuza
General Manager Logistics
Vale Australia Pty Ltd