

# Aurizon Network: FY2023 Annual Compliance Report

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26 October 2023



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## Introduction

Aurizon Network Pty Ltd<sup>1</sup> (**Aurizon Network**) operates the Central Queensland Coal Network (**CQCN**), an integrated and interconnected heavy haul rail transport network which links more than forty (40) mines to five export coal terminals, using over 2,670km of track. Aurizon Network facilitates a competitive market for above rail services provided by rail haulage companies, with access rights held by both rail operators and coal producers. Aurizon Network's key responsibilities include:

- negotiating access with parties seeking to use its below rail infrastructure;
- maintaining and managing its CQCN rail infrastructure and other below rail assets; and
- managing operations across the CQCN, including organising the manner in which train services can utilise network capacity.

Aurizon Network recognises the importance its 2017 Access Undertaking (**the Undertaking**) plays for stakeholders in the CQCN and the influence it has on customers, investors and the region. Specifically, the Undertaking is a critical document for Aurizon Network as it guides its interactions with customers, sets out how services are to be provided, and seeks to ensure Aurizon Network is appropriately incentivised to efficiently operate, maintain and invest in the infrastructure to enable the supply chain participants to remain globally competitive.

In accordance with subclause 10.5.2 of the Undertaking, Aurizon Network is required to prepare Annual Compliance Reports for the Queensland Competition Authority (**QCA**); one being a consolidated version for public release and another being a confidential report which provides a split for third party access holders and Aurizon Party access holders. The reports are to be completed by Aurizon Network within four months of the end of each financial year in the term.

This report contains information in relation to Aurizon Network's compliance with the Undertaking for the period commencing 1 July 2022 to 30 June 2023 (**FY2023**). In accordance with Clause 10.6.1 of the Undertaking the report and supporting material has been externally audited.

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<sup>1</sup> Aurizon Network Pty Ltd is a wholly owned subsidiary of Aurizon Holdings Limited (**Aurizon**).

## FY2023 Compliance

Table 1 provides a summary of Aurizon Network's compliance with the Undertaking in accordance with those measures defined in Subclause 10.5.2 and referenced in subsequent sections below.

**Table 1. Aurizon Network FY2023 Compliance**

<b>Performance Measures – Annual Data FY2023</b>		
<b>Access Applications</b>		
	<b>Number</b>	<b>%</b>
1. Access Applications acknowledged within the applicable timeframe	16	89
	<b>Number</b>	<b>Average Delay (Days)</b>
2. Access Applications not acknowledged within the applicable timeframe	2	7
	<b>Number</b>	<b>%</b>
3. Requests for Capacity Information acknowledged within the applicable timeframe	Nil	N/A
<b>Indicative Access Proposals</b>		
	<b>Number</b>	<b>%</b>
4. Indicative Access Proposals provided within the applicable timeframe	14	82
5. Instances where an extension of time was sought for the provision of an Indicative Access Proposal	1	6
	<b>Number</b>	<b>Average Delay (Days)</b>
6. Indicative Access Proposals not provided within the applicable timeframe	2	9
<b>Non-Ringfencing Related Issues</b>		
	<b>Number</b>	
7. Non-Ringfencing related issues referred to Dispute Resolution	1	
8. Non-Ringfencing related issues referred to Dispute Resolution where Aurizon Network has been found to be in breach of the Access Undertaking	0	
<b>Complaints received from a non-Aurizon entity</b>		
	<b>Number</b>	<b>%</b>
9. Written complaints from a non-Aurizon party that Aurizon Network has breached its obligations in relation to the non-Aurizon party's confidential information	0	0
10. Written complaints from a non-Aurizon party that Aurizon Network has breached its obligations in relation to the non-Aurizon party's confidential information that have been substantiated	0	0

Ringfencing training	
	Aurizon Network Personnel (%)
11. Aurizon Network personnel receiving, in the course of performing their duties, Confidential Information who have completed training in accordance with Part 3	99.4% <sup>2</sup>

Complaints received from Access Holders regarding invoices	
	Number
12. Instances where an Access Holder has made a written complaint to Aurizon Network about an incorrectly calculated invoice, and where Aurizon Network's investigation identified that the invoice was materially incorrectly calculated	0

Complaints received in relation to the Traffic Management Decision Making Matrix	
	Number
13. Written complaints that Aurizon Network Train Control has made a decision in breach of the Traffic Management Decision Making Matrix	0
14. Written complaints that Aurizon Network Train Control has made a decision in breach of the Traffic Management Decision Making Matrix that are currently being assessed by Aurizon Network	0
15. Written complaints that Aurizon Network Train Control has made a decision in breach of the Traffic Management Decision Making Matrix that after being assessed were verified	0

Complaints received in relation to the Contested Train Path process	
	Number
16. Written complaints that Aurizon Network made a decision in breach of the Contested Train Path Decision Making Process	0
17. Written complaints that Aurizon Network has made a decision in breach of the Contested Train Path Decision Making Process that are currently being assessed by Aurizon Network	0
18. Written complaints that Aurizon Network has made a decision in breach of the Contested Train Path Decision Making Process that after being assessed were verified	0

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<sup>2</sup> Calculated in accordance with clause 3.15(a) of UT5. This includes Aurizon Network Personnel identified as having access to Confidential Information in the course of performing their duties and those listed in clause 3.11(f)(iii)-(xi).

Negotiation of Access Agreements	
	Average Length of Negotiation Period (Days)
19. Access Applications that have resulted in an Access Agreement being executed or varied	96
20. Access Applications that have ceased for a reason other than an Access Agreement being executed or varied	23
	<b>Number</b>
21. Access Applications that have resulted in an Access Agreement being executed or varied	7

Transfers						
	Number					
22. Number of Transfer Notices received in accordance with the Undertaking	223					
	<b>UT5</b>	<b>Pre-UT5</b>	<b>UT5 &amp; Pre-UT5*</b>			
23. The number of transfers which applied to Undertaking sections (note this does not include transfer requests that were cancelled or expired)	140	51	191			
*Transfers that fall under pre-UT5 and UT5 that have occurred where entitlements have been transferred from a UT1, UT2, UT3 or UT4 agreement to a UT5 agreement	<b>Clause 7.4</b>		<b>Part 4</b>			
	191		0			
	Months					
	1	2 to 3	4 to 6	7 to 12	13 to 18	19 +
24. The transfer period for each transfer	172	28	10	2	2	9
	Number					
25. Number of Transfers in effect in accordance with the Undertaking	192					
	Clause 7.4			Part 4		
26. Number of consecutive Transfers for the same Nominated Access Rights	30			0		
	Days					
	> -50 to -10	-9 to 0	1 to 10	11 to 20	21 to 50	51+
27. Length of time from Transfer Notice to effected Transfer	19	56	40	56	11	10

## UT5 Compliance Measures

### **Compliance Measure 1 – Paragraph 10.5.2(c)(i):**

The number and percentage of Access Applications acknowledged by Aurizon Network within the time specified in the Access Undertaking.

Clause 4.3(c) and Clause 4.4(a) of the Undertaking requires that Aurizon Network acknowledges receipt of a completed Access Application from an Access Seeker within ten (10) business days.

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### **Compliance Measure 2 – Paragraph 10.5.2(c)(ii):**

Where Aurizon Network has not acknowledged an Access Application within the time specified in the Access Undertaking, the average delay in days taken to acknowledge the application.

This measure indicates the average delay, in days, where Aurizon Network has not acknowledged an Access Application within ten (10) business days.

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### **Compliance Measure 3 – Paragraph 10.5.2(c)(iii)**

The number of requests for Capacity Information and percentage acknowledged in accordance with the applicable timeframe nominated in Clause 4.2(c).

This measure indicates the number of requests Access Seekers/ Holders have sought from Aurizon Network for Capacity Information and the percentage acknowledged within (10) business days.

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### **Compliance Measure 4 – Paragraph 10.5.2(c)(iv):**

The number and percentage of Indicative Access Proposals (IAP) provided within the time specified in the Undertaking.

Clause 4.6(e) of the Undertaking requires an IAP be provided within 20 business days following Aurizon Network acknowledging a

completed Access Application, unless the negotiation process is suspended or extended.

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### **Compliance Measure 5 – Paragraph 10.5.2(c)(v):**

The number and percentage of instances where an extension of time was sought for the provision of an IAP.

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### **Compliance Measure 6 – Paragraph 10.5.2(c)(vi):**

Where Aurizon Network has not issued an IAP within the time specified in the Undertaking, the average delay in days taken to issue an Indicative Access Proposal.

This measure indicates the average delay, in days, where an IAP was not provided by Aurizon Network within 20 business days (or as otherwise agreed).

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### **Compliance Measure 7 – Paragraph 10.5.2(c)(vii):**

The number of non-ringfencing related issues referred to dispute resolution.

This measure indicates the number of issues referred to dispute resolution, in accordance with Part 11 of the Undertaking, for a matter that is not related to Aurizon Network's treatment of the confidential information of a non-Aurizon entity.

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### **Compliance Measure 8 – Paragraph 10.5.2(c)(viii):**

The number of non-ringfencing related issue referred to dispute resolution and where Aurizon Network was found to be in breach of the Undertaking.

This measure indicates the number of instances where an issue has been referred to dispute resolution and it has been found that Aurizon Network has breached the Undertaking for an issue other than a matter related to the confidential information of a non-Aurizon entity.

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**Compliance Measure 9 – Paragraph 10.5.2(c)(ix):**

Instances where Aurizon Network has received a written complaint from a Third Party that is has allegedly breached its ringfencing obligations.

This measure indicates the number of instances where Aurizon Network has received a complaint that it has breached its ringfencing obligations regarding the protection of a non-Aurizon entity's confidential information.

**Compliance Measure 10 – Paragraph 10.5.2(c)(x):**

Instances where Aurizon Network has received a written complaint from a Third Party that is has allegedly breached its ringfencing obligations and was found to have breached those obligations in accordance with the Undertaking.

This measure indicates the number of instances where Aurizon Network has received a complaint and it has been found that it has breached its ringfencing obligations regarding the protection of a non-Aurizon entity's confidential information.

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**Compliance Measure 11 – Paragraph 10.5.2(c)(xi):**

The percentage of Aurizon Network personnel receiving, in the course of performing their duties, Confidential Information who have completed their training.

This measure indicates the compliance with clause 3.15 of the Undertaking to ensure all Aurizon Network personnel receiving access to ringfenced information are aware of their obligations.

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**Compliance Measure 12 – Paragraph 10.5.2(c)(xii):**

The number of instances where an Access Holder made a written complaint to Aurizon Network about an incorrectly calculated invoice that was subsequently verified.

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**Compliance Measure 13 – Paragraph 10.5.2(c)(xiii)(A)**

**Compliance Measure 14 – Paragraph 10.5.2(c)(xiii)(B)**

**Compliance Measure 15 – Paragraph 10.5.2(c)(xiii)(C)**

Compliance Measures 13 to 15 indicate the number of written complaints received by Aurizon Network that it has allegedly made a decision in breach of the Undertakings traffic management decision making matrix, the number of written complaints received that are still being assessed, and the number of written complaints which, after being assessed by Aurizon Network, were verified as breaches of the Undertaking.

These measures are reported separately by Aurizon related parties and non-Aurizon related parties.

**Compliance Measure 16 – Paragraph 10.5.2(c)(xiv)(A)**

**Compliance Measure 17 – Paragraph 10.5.2(c) xiv)(B)**

**Compliance Measure 18 – Paragraph 10.5.2(c)(xiv)(C)**

Compliance Measures 16 to 18 indicate the number of written complaints received by Aurizon Network that it has allegedly made a decision in breach of the Undertaking's contested train path decision making process, the number of written complaints received that are still being assessed, and the number of written complaints which, after being assessed by Aurizon Network, were verified as breaches of the Undertaking.

These measures are reported separately by Aurizon related parties and non-Aurizon related parties.

**Compliance Measure 19 – Paragraph 10.5.2(d)(i):**

Average length of the Negotiation Period in days where Access Applications have resulted in an Access Agreement being executed or varied.



This measure indicates the average length of the Negotiation Period where an Access Agreement is executed or varied.

The Negotiation Period commences immediately following the Access Seeker's written acceptance of an IAP issued by Aurizon Network. In some cases, an IAP is rejected by the Access Seeker before the Negotiation Period commences where any conditions contained within the IAP cannot be met.

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**Compliance Measure 20 – Paragraph 10.5.2(d)(ii):**

Average length of the Negotiation Period in days where Access Applications have ceased for a reason other than an Access Agreement being executed or varied.

The Negotiation Period may cease without an Access Agreement being executed or varied for a variety of reasons. For example, a second Access Seeker may contract the network capacity, or an Access Seeker may withdraw for business reasons.

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**Compliance Measure 21 – Paragraph 10.5.2(d)(iii):**

The number of instances a negotiation period ceases due to an Access Agreement being executed or varied.

This measure indicates the number of Access Applications that have resulted in an Access Agreement being executed or varied.

**Compliance Measure 22 – Paragraph 10.5.2(e)(i):**

The number of Transfer Notices received.

This measure indicates the number of Transfer Notices received in accordance with the transfer provisions under Clause 7.4.

**Compliance Measure 23 – Paragraph 10.5.2(e)(i)(A) and Paragraph 10.5.2(e)(v):**

Whether the Transfer process took place under Clause 7.4 or Part 4 (disregarding whether the

Transfer was effected in accordance with that clause or Part).

This measure indicates whether the Transfer was granted under an Access Agreement executed prior to the Approval Date (i.e. pre-UT5) or an Access Agreement executed on or after the Approval Date (UT5).

**Compliance Measure 24 – Paragraph 10.5.2(e)(i)(B):**

The Transfer Period for which that transfer is effective.

This measure indicates the period, in months, for which a Transfer Notice relates to.

**Compliance Measure 25 – Paragraph 10.5.2(e)(ii):**

The number of Transfers in effect.

This measure indicates the number of Transfers which were in force in accordance with the transfer provisions under Clause 7.4 or Part 4.

**Compliance Measure 26 – Paragraph 10.5.2(e)(iii):**

The number of consecutive Transfers for the same Nominated Access Rights.

This measure indicates the number of consecutive Transfers for the same Nominated Access Rights that have been in effect, including details of whether the Transfer was effected under Clause 7.4 or Part 4.

**Compliance Measure 27 – Paragraph 10.5.2(e)(iv):**

The average length of time from receipt of a Transfer Notice to a Transfer being executed.

This measures the average length of time, in days, from receipt of a Transfer Notice submitted in accordance with the process set out in the Undertaking to the commencement of the Transferee's new or varied Access Agreement giving effect to the Transfer.

Aurizon Network's transfer process includes any requests of intention to transfer which are received at least five (5) days prior to the end of the month, relating to the relevant period (current month).

*For example:*

An Operator submits a Transfer Notice on 26 October 2018 for the relevant period. This means that the request for transfer will be effective from 1 October 2018.

It is for this reason that there are a negative average number of days in this table.