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## **Australian Rail Track Corporation 2016 Hunter Valley Coal Network Access Undertaking**

### **Application 23 December 2015**

#### **1) APPLICANT DETAILS:**

This application is submitted by:

Australian Rail Track Corporation Ltd (ARTC),  
ACN: 081 455 754

#### **2) ADDRESS FOR SERVICE OF DOCUMENTS:**

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#### **3) CONTACT DETAILS:**

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#### **4) ARTC BUSINESS**

ARTC was established in 1998 to manage the infrastructure, and access to, the standard gauge rail network connecting the mainland capital cities between Brisbane and Perth.

ARTC currently has responsibility for controlling, operating and maintaining 8,500 kilometres of standard gauge rail infrastructure in South Australia, Victoria, NSW, Western Australia and Queensland. ARTC's network spans 5 major corridors:

- 1 Melbourne (via Adelaide) to Kalgoorlie (connecting to another network to Perth)
- 2 Melbourne to Brisbane (including a direct connection to Port Botany)
- 3 Hunter Valley
- 4 The Existing Inland Route (Parkes to Werris Creek)

5 Cootamundra to Crystal Brook (to join the Melbourne/Kalgoorlie line).

ARTC plays a critical role in the transport supply chain and in the overall economic development of Australia. Its network is used to move a range of commodities including general freight, coal, iron ore, other bulk minerals and agricultural products. Its network is also important in providing access for interstate and inter-city passenger services.

## **5) FACILITY SUBJECT OF THIS APPLICATION**

Infrastructure assets subject to this application include track and other facilities required to provide access to the track for mainline and terminal operations on the Hunter Valley coal network, being coal lines in Newcastle from the Newcastle port terminals and extending through the Hunter Valley to Turravan.

## **6) SERVICES**

This application covers the provision of rail access to all applicants seeking train paths on the network which is the subject of the undertaking ("Hunter Valley Network").

## **7) DECLARATION**

None of the services covered by this application are currently declared under s.44H of the Act.

## **8) ACCESS REGIMES**

The services are subject to the Hunter Valley Coal Network Access Undertaking accepted by the Australian Competition and Consumer Commission on 29 June 2011 (as amended) (**2011 HVAU**). The 2011 HVAU is scheduled to expire on 30 June 2016.

## **9) EXISTING CONTRACTS**

Under the 2011 HVAU, access to the network is managed through an Access Holder Agreement, a contract between an Access Holder and ARTC. The contracting structure has been designed as part of the 2011 HVAU to provide Access Holders with certainty regarding their rights to train path capacity on the network while also facilitating investment in the network and competition between train Operators.

The indicative Access Holder Agreement (**IAHA**) annexed to the 2011 HVAU, in tandem with the 2011 HVAU is structured in a way such that a substantial proportion of the terms and conditions contained within IAHA's are required to be common across all Access Holders and in some aspects are dependent upon all other Access Holder Agreements.

Typically, Access Holders will not operate their own trains. To complete the access contracting structure, Access Holder Agreements will have one or more Operator Sub-Agreements (**OSA**). A standard form OSA is an annexure to the IAHA. The OSA is a tri-party contract between ARTC, the Access Holder and the Access Holder's train Operator.

Parties seeking access for non-coal train paths may apply for access under the 2011 HVAU and will be offered an access contract based on the current Indicative Interstate Access Agreement.

## **10) INDUSTRY SECTOR**

The Hunter Valley Network is predominantly used for rail services to the Hunter Valley export and domestic coal markets. The vast majority of coal carried on the network is intended for overseas export through coal terminals at the port of Newcastle.

The Hunter Valley Network is also used by other rail services to the general freight, minerals and agricultural industries in NSW, as well as regional passenger markets. Rail is, to varying extent, competing with road transport in these markets.

There are currently a number of coal producers operating mines served by the Hunter Valley Network. Producers in the Hunter Valley include the world's five largest resource companies, being BHP Billiton, Rio Tinto, Anglo America and Glencore. Other pure play coal companies that operate in the Hunter Valley include (amongst others):

- Peabody Energy;
- Yancoal Australia Limited;
- Whitehaven Coal Limited;
- Idemitsu Australia Resources;
- Centennial Coal; and
- Bloomfield.

Four major rail operators hauling coal in the Hunter Valley include Asciano, Aurizon, Freightliner and Southern Shorthaul Rail.

Major non-coal customers are Asciano, QUBE, NSW Trains and Freightliner.

Services provided under these non-coal access contracts also cover parts of the network in NSW that are regulated under the Interstate Access Undertaking administered by the ACCC.

NSW TrainLink utilises the Hunter Valley coal network for regional passenger services.

Port Operations are carried out at terminals (Port Waratah and Kooragang) located in the Port of Newcastle by Port Waratah Coal Services ("PWCS") and, recently the Newcastle Coal Infrastructure Group ("NCIG") terminal at the Port of Newcastle commenced operation.

### **11) AFFECTED PARTIES**

All companies seeking new access to the network will be subject to the undertaking, including but not limited to the parties set out above.

### **12) TERM**

This undertaking will apply for an initial period of ten and a half years on and from 1 June 2016, subject to approval by the ACCC.

### **13) UNDERTAKING TERMS**

The full terms and conditions are contained in the attached document, entitled "Hunter Valley Coal Network Access Undertaking". Please see the Explanatory Guide for the 2016 Hunter Valley Coal Network Access Undertaking attached to this application for further details.