

ACCESS ARRANGEMENT *17 June 2009*

made by

ESSENTIAL SERVICES COMMISSION VICTORIA (“ESC”)

in respect of

V/LINE PASSENGER PTY LIMITED ABN 29 087 425 269 of
Level 23, 570 Bourke Street, Melbourne VIC 3000 (**“V/Line”**)

Table of Contents

Part 1	4
1. Preamble	4
Part 2	5
2. Scope and administration of Access Arrangement	5
2.1. Scope	5
2.2. Grant and duration of Access Arrangement.....	5
2.3. Review of Access Arrangement.....	6
2.4. Access Agreements.....	6
2.5. V/Line's provision of Services to its related bodies corporate.....	6
2.6. Contact details.....	7
Part 3	8
3. Negotiation process	8
3.1. Good faith negotiations.....	8
3.2. Information provided by V/Line to Access Seekers	8
3.3. Access Seeker application process	9
3.4. Negotiation protocol.....	11
3.5. Procedure for assessment of works to provide additional capacity	12
3.6. Interconnection	12
Part 4	15
4. Pricing	15
4.1. Description of Services	15
4.2. Prices and charging.....	15
4.3. Revenue Cap.....	17
4.4. Freight pricing structure and task differentiation	17
4.5. Price escalation	18
Part 5	19
5. Management of capacity and Network	19
5.1. General.....	19
5.2. Network Service Plan and Network Map	19
5.3. Capacity allocation in response to Access applications.....	19
5.4. Variation and surrender of a Train Path.....	19
5.5. Protocols and capacity allocation protocols	20
5.6. Reporting of actual Train Path utilisation	20
Part 6	21
6. Account keeping	21
6.1. Preparing, maintaining and keeping accounting records and accounts	21
Part 7	22
7. Performance Indicators	22

Part 8	23
8. Ring Fencing	23
Appendix 1	24
Pricing	24
Appendix 2	26
Information to accompany an Access application	26
Appendix 3	28
Access agreement	28
Appendix 4	29
Ring fencing separation arrangement	29
Appendix 5	30
Definitions	30
Appendix 6	36
Track standard by corridor	36
Appendix 7	38
Cost Allocation Policy.....	38
Appendix 8	39
Dispute resolution during negotiation process	39
Appendix 9	40
Normal Signal Box & Signalled Locations: Operating Hours at the Commencement Date ...	40
Appendix 10	41
Procedures for handling Access Seeker Information	41
Appendix 11	42
Annual variation of access fees	42
Annexure A	43
Location diagrams.....	43
Annexure B	45
Geelong Grain Loop.....	45

Part 1

1. Preamble

- 1.1.a. V/Line is a corporation owned by the State of Victoria.
- 1.1.b. V/Line operates passenger train services in Victoria and has been the operator of the Network since 4 May 2007.
- 1.1.c. V/Line's previous Access Arrangement was the Access Arrangement made by the ESC for PN on 29 June 2006 as varied on 24 April 2007 to substitute V/Line for PN, the previous below rail operator.
- 1.1.d. V/Line applied to the ESC under section 38ZR of the RCA for renewal of that Access Arrangement in March 2009.
- 1.1.e. The ESC made a final decision under section 38ZF of the RCA to approve the renewal of that Access Arrangement in *[insert month]* 2009.

Part 2

2. Scope and administration of Access Arrangement

2.1. Scope

- 2.1.a. This Access Arrangement provides for the negotiation and supply of Access required for the operation of freight and passenger trains by Operators and V/Line (in its capacity as a provider of passenger train operations) on the Network.
- 2.1.b. Access for passenger trains does not constitute a Reference Service under this Access Arrangement.
- 2.1.c. For clarification, this Access Arrangement:
 - (i) includes its annexures; and
 - (ii) does not address the provision of Access to parts of the Victorian rail network outside the Network, or to the rail infrastructure of other track owners or track managers.

2.2. Grant and duration of Access Arrangement

- 2.2.a. V/Line (in its capacity as an Access provider) shall comply with the processes specified in this Access Arrangement in relation to the grant of Access:
 - (i) to Operators of the Network for Scheduled Services and Unscheduled Services; and
 - (ii) to V/Line (in its capacity as a provider of passenger train operations),

and will comply with the terms and conditions specified in this Access Arrangement in relation to the provision of Scheduled Services and Unscheduled Services to Operators.
- 2.2.b. This Access Arrangement takes effect on the Commencement Date and will continue until the earlier to occur of the:
 - (i) third (3rd) anniversary of the Commencement Date, or
 - (ii) withdrawal of this Access Arrangement in accordance with the RCA.

2.3. Review of Access Arrangement

- 2.3.a. V/Line may, during the Access Period, apply pursuant to section 38ZO of the RCA for the approval of the ESC to vary this Access Arrangement.
- 2.3.b. If the ESC seeks information in relation to matters that may be relevant to the ESC's exercise of its rights pursuant to section 38ZP of the RCA, V/Line shall provide such information available to it as directed by the ESC.

2.4. Access Agreements

- 2.4.a. This Access Arrangement applies to the negotiation of new Access Agreements. It is not intended to interfere with rights and obligations under existing access agreements in force at the Commencement Date, but it shall apply to extensions, renewals or amendments of such existing access agreements.
- 2.4.b. The form of Access Agreement in Appendix 3 is intended to reflect the needs of an Operator, and represents the standard terms and conditions of Access for Operators.

2.5. V/Line's provision of Services to its related bodies corporate

- 2.5.a. At the Commencement Date, V/Line was not an Operator. If V/Line (or a related body corporate) becomes an Operator during the Access Period, it shall provide Access to Scheduled Services and Unscheduled Services to itself or to its related bodies corporate:
 - (i) on the terms and conditions specified in the Access Agreement set out in Appendix 3; and
 - (ii) at the prices specified in Appendix 1 or at lower prices.
- 2.5.b. If lower prices are charged by V/Line in accordance with clause 2.5.a(ii), such lower prices shall be deemed to replace the relevant prices in Appendix 1 as reference prices for all Operators.
- 2.5.c. If lower charges are charged by V/Line in accordance with clause 2.5(b) V/Line must:
 - (i) publish the revised reference price schedule on the V/Line website; and
 - (ii) notify the ESC in writing immediately.

2.6. Contact details

- 2.6.a. Persons wishing to contact V/Line for further information or to apply for Access to the Network should contact V/Line at the following address:

Chief Executive Officer
Attention: Commercial Manager
V/Line Passenger Pty Limited
Level 23, 570 Bourke Street
Melbourne Victoria 3000
Telephone (03) 9619 5900
Facsimile (03) 9619 5906

- 2.6.b. V/Line shall publish information relevant to this Access Arrangement on its web site at <http://www.vline.com.au> including:

- (i) The Operating Handbook;
- (ii) A narrative description of the Network;
- (iii) The prices for Scheduled Services and Unscheduled Services as set out in Appendix 1;
- (iv) Prices for which Access has been granted to Operators together with a general description of the Services to which such prices relate;
- (v) The pro forma Access Agreement applicable to Scheduled Services and Unscheduled Services (see Appendix 3);
- (vi) Route standards by corridor; and
- (vii) Performance indicators for the Network and results against those indicators.

Part 3

3. Negotiation process

3.1. Good faith negotiations

3.1.a. V/Line shall negotiate in good faith with each Access Seeker.

3.2. Information provided by V/Line to Access Seekers

3.2.a. Information pack

- (i) V/Line has an information pack that is available free of charge from its website: www.vline.com.au
- (ii) Alternatively it can be mailed upon request. (A fee of \$250.00 plus GST payable in advance will apply for hard copies).
- (iii) For clarification, the information pack will contain the information specified in section 2(c) of the Negotiation Guidelines.

3.2.b. Further Information

V/Line where it is reasonably possible to do so, shall respond to requests for further information within fourteen days of receiving a written application for Access and payment of \$750.00 plus GST. This response shall include:

- (i) A statement of whether the requested capacity is available, and, if not, what capacity is available and how additional capacity could be made available by way of upgrade or any other alternative options;
- (ii) Terms and conditions for the Service for which the application is made, if they vary from the standard terms and conditions in the Access Agreement in the information pack;
- (iii) A description of any reasonably required upgrades of the Network necessary to grant the Access, if necessary;
- (iv) Standard sectional running times for a typical Train Path for the line sections over which the Access Seeker is requesting Access;
- (v) Protocols for assessing works required for creating additional capacity to meet the Access Seeker's request;
- (vi) An estimate of the charges for the particular Service for which the request is being made, if that Service is to require a higher infrastructure standard than applies under Appendix 6 or if that Service

entails Out of Hours pricing, together with details of how that varied charge was determined; and

- (vii) A response to any further information reasonably requested by the Access Seeker.

3.2.c. Further information

Further information about the master train timetable, the Network Map and variation or surrender of a Train Path is set out in the Operating Handbook.

3.3. Access Seeker application process

3.3.a. Access Seekers must apply for Access in writing, together with payment of a fee of \$750.00 plus GST. For clarification, this fee does not need to be repaid if a request for further information has been made under clause 3.2.b and a payment of \$750.00 plus GST has already been made under that clause. An access application should contain:

- (i) Information regarding those matters set out in Appendix 2; and
- (ii) Such additional information that the Access Seeker considers may assist V/Line to assess the application.

3.3.b. Acceptance of application

- (i) V/Line shall acknowledge the application within five (5) Business Days of its receipt. For complex applications, V/Line may request the Access Seeker to agree to an extension of the application assessment period and shall advise indicative timeframes for that assessment.
- (ii) Within ten (10) Business Days of receipt of the application, V/Line shall:
 - A.) Confirm that a complete application has been received and shall be progressed; or
 - B.) Advise that an incomplete application has been received and shall not be progressed until the prescribed information has been received in accordance with Appendix 2. V/Line shall advise in writing what further information is required.
- (iii) If V/Line does not provide a response within ten Business Days of receipt of the application in accordance with clause 3.3.b.(ii)B.), V/Line shall be deemed to have accepted a completed application in accordance with clause 3.3.b(ii)A.).

3.3.c. The process for assessing an accepted application

- (i) Within twenty (20) Business Days after V/Line's notification under clause 3.3.b that a completed access application has been received, V/Line shall advise:
 - A.) If there is sufficient capacity on the Network for V/Line to grant Access to the Access Seeker in accordance with its application and, if so, shall offer terms and conditions for the requested Access in the form of an Indicative Access Proposal. If that capacity is only available if additional operating costs are incurred, the nature and approximate magnitude of these costs shall be specified; or
 - B.) That there is not sufficient capacity on the Network to grant Access.
- (ii) If V/Line notifies the Access Seeker of insufficient capacity, V/Line shall, no later than twenty-five (25) Business Days after issuing notice accepting an application under clause 3.3.b, provide a further notice to the Access Seeker that shall include:
 - A.) Reasons why there is insufficient capacity on the network; and / or
 - B.) If there is some capacity available, the terms and conditions on which part of the request can be granted; and / or
 - C.) An offer to provide an assessment of any works required to upgrade the Network necessary to grant the Access and the indicative cost of those works in accordance with the process specified in clause 3.5.

3.3.d. Rejection of an application

- (i) Within twenty-five (25) Business Days of an application being acknowledged V/Line may reject the application on any of the following grounds:
 - 1) The Access Seeker does not have, or will not have, all necessary accreditation to operate lawfully the Service proposed in the Access application;
 - 2) The Access Seeker's rolling stock does not comply with V/Line's requirements as supplied in the information pack;
 - 3) The Access Seeker did not demonstrate that either:
 - A.) the management and staff of the Access Seeker have the necessary knowledge and experience to carry out the proposed rail operations; or

- B.) the Access Seeker will be able to engage the services of other person(s) who have such knowledge and experience; and
- 4) The Access Seeker did not demonstrate that it has the financial capacity to meet its financial obligations to V/Line.
- (ii) V/Line shall advise why the application is rejected within twenty-five (25) business days of an application being acknowledged by V/Line.

3.4. Negotiation protocol

- 3.4.a. V/Line's standard terms and conditions are contained in the information pack made available to the Access Seeker, and are also specified in the standard Access Agreement in Appendix 3. V/Line's offer to the Access Seeker (as set out in clause 3.3.c) will be open for a period of thirty (30) days from the date of issue. If the Access Seeker wishes to pursue that offer, the Access Seeker shall either:
 - (i) accept in writing the Indicative Access Proposal subject to the finalisation of the schedules; or
 - (ii) notify V/Line in writing that the Access Seeker wishes to negotiate alternative terms and conditions. This notice must contain:
 - 1) a statement indicating the terms and conditions that the Access Seeker proposes to alter and an explanation for the proposed alteration;
 - 2) a draft of any text proposed to be amended; and
 - 3) agreement to comply with the dispute resolution procedures contained in Appendix 8 during the negotiation of the altered terms and conditions.
- 3.4.b. In the event that the Access Seeker seeks to negotiate alternative terms and conditions (clause 3.4.a.(ii)), V/Line shall notify the Access Seeker of the timeframe for the conduct of the negotiation, which shall be one (1) month in respect of negotiations where no changes to the Network's infrastructure are required by the Access Seeker's proposal. If changes to the Network's infrastructure are required, the negotiations shall be conducted in accordance with clauses 3.5 and 3.6 (as relevant), and having regard to the need to conduct negotiations in good faith and in a timely manner. V/Line shall notify the Access Seeker of the timeframe for negotiations within ten (10) Business Days of receiving notice from the Access Seeker. V/Line shall be prepared to commence negotiations with the Access Seeker by means of formal meetings upon V/Line's issue of its notice of receipt and advice of indicative timeframes.

- 3.4.c. The Access Seeker, if not satisfied with the progress of the negotiation and dispute resolution processes, may notify a dispute to the ESC.

3.5. Procedure for assessment of works to provide additional capacity

- 3.5.a. Where additional capacity is necessary V/Line shall advise the Access Seeker (clause 3.3.c.(i)B.)). Upon receiving written advice from the Access Seeker of its intention to pursue increasing capacity as an option, V/Line shall arrange a scoping meeting within seven (7) Business Days or as agreed.
- 3.5.b. At the scoping meeting, V/Line will provide the Access Seeker with copies of the protocols developed for the purposes of section 4.4 of the Negotiation Guidelines.
- 3.5.c. V/Line shall involve the Access Seeker in all aspects of assessing works required to provide additional capacity to the Network. There may be several technical options for the delivery of additional capacity. V/Line will consult with the Access Seeker in relation to how the preferred option should be identified. Costs and a schedule of payments will also be negotiated and agreed during the scoping phase of the discussion between the parties.
- 3.5.d. V/Line shall provide project management for the implementation of the additional capacity solution in consultation with the Access Seeker. Before the project proceeds, the Access Seeker will undertake to reimburse V/Line for its reasonable project costs.

3.6. Interconnection

3.6.a. General

V/Line shall assist Access Seekers where it is necessary to install physical infrastructure to connect to the Network. V/Line shall be responsible for operating and maintaining all mainline rail infrastructure at the interconnection at the relevant Access Seeker's expense. V/Line shall negotiate terms and conditions for interconnections in good faith.

3.6.b. Information provided to assist interconnection

- (i) Upon receipt of an expression of interest, together with the appropriate fee of \$750.00 plus GST, V/Line shall provide within fourteen (14) days:
- 1) a standard information pack containing an overview of the Network and its capacity;
 - 2) a description of the physical infrastructure at the location of the proposed interconnection;

- 3) procedural and physical interface arrangements at the site of the proposed interconnection;
 - 4) applicable engineering and operational standards of V/Line;
 - 5) reliability and safety guidelines, standards and operating procedures; and
 - 6) a template interface agreement.
- (ii) Each interconnection application/expression of interest will be treated separately to an Access application and will incur fees.

3.6.c. Information to be provided by the Access Seeker for interconnection rights
 In order for the proposed interconnection to be formally assessed, an Access Seeker must submit an application to V/Line that:

- (i) either demonstrates that the installation has been type approved for operation in Victoria on the Network, or provides sufficient information for V/Line to undertake a engineering assessment adequate to obtain type approval of the installation for use on the Network;
- (ii) includes a commissioning plan;
- (iii) includes a fully-costed maintenance plan for maintaining the interconnection, including the proposed annual fee payment to V/Line for that part of the interconnection that is mainline rail infrastructure;
- (iv) certifies that the Access Seeker has obtained and shall maintain all necessary approvals, other than approvals of, or required from external parties by, V/Line itself, in relation to the construction, commissioning, operation and maintenance of the interconnection; and
- (v) provides a draft agreement with V/Line that provides for:
 - 1) V/Line to operate and maintain that part of the interconnection that is mainline rail infrastructure;
 - 2) the Access Seeker to be liable to pay for all of the construction costs of the interconnection;
 - 3) the Access Seeker to pay a fee to V/Line for the ongoing operation and maintenance of that part of the interconnection that is mainline rail infrastructure, such fee to be set by V/Line, following its review of the Access Seeker's fully costed maintenance plan, at a level that represents V/Line's reasonable estimate of the costs of such operation and maintenance, plus the operating margin of 8.0% permitted under this Access Arrangement;

- 4) the Access Seeker to agree to remove that part of the interconnection that is mainline rail infrastructure on termination of the maintenance agreement; and
- 5) the Access Seeker to provide a guarantee acceptable to V/Line in respect of its obligation under item 4. V/Line must not unreasonably withhold its acceptance of the guarantee on the basis of its form.

3.6.d. V/Line shall provide the Access Seeker, within thirty (30) Business Days of receipt of the Access Seeker's interconnection application, with notice of:

- (i) V/Line's acceptance of that proposal, conditional on all approvals being obtained; or
- (ii) V/Line's rejection of the proposal, together with reasons for the rejection.

Part 4

4. Pricing

4.1. Description of Services

- 4.1.a. V/Line shall offer the following Scheduled and Unscheduled Services to Operators.
- (i) Scheduled Services during Normal Hours, which services are Reference Services;
 - (ii) Unscheduled Services during Normal Hours, which services are Reference Services;
 - (iii) Unscheduled Services at times that are Out of Hours, which services are Non-Reference Services.
- 4.1.b. At the commencement of this Access Arrangement, most freight train movements on the Network occurred during Normal Hours.
- 4.1.c. Scheduled Services and Unscheduled Services shall be provided at a standard which is no lower than the Performance Standard. Scheduled Services or Unscheduled Services shall also be made available at a higher performance standard of rail infrastructure than the Performance Standard, subject to an application being made by an Access Seeker for the relevant Service to be supplied at a higher standard, and the Access Seeker and V/Line reaching agreement in accordance with clause 4.2.c.
- 4.1.d. Unscheduled Services may not be requested more than two (2) weeks in advance.
- 4.1.e. The Performance Standard as at the Commencement Date is set out in Appendix 6.
- 4.1.f. V/Line may temporarily book a line out of service or vary the Performance Standard if it reasonably believes that it is necessary to ensure the safety of passengers, Access Seekers, Operators or the public.

4.2. Prices and charging

- 4.2.a. V/Line charges for Services according to whether or not Access is provided in Normal Hours or Out of Hours.
- 4.2.b. In respect of Scheduled Services during Normal Hours or Unscheduled Services during Normal Hours sought by an Access Seeker for which the

required performance standard of rail infrastructure is the Performance Standard, the applicable charges are set out in Appendix 1.

- 4.2.c. In respect of Scheduled Services during Normal Hours or Unscheduled Services during Normal Hours for which the performance standard of rail infrastructure sought by an Access Seeker is higher than the Performance Standard, charging will be based on the applicable charges as set out in Appendix 1 as modified by prior agreement between V/Line and the Operator so as to reflect the “Operator pays incremental costs” principle set out in clause 4.2.h.
- 4.2.d. If an Access Seeker applies for Access to a Scheduled Service outside Normal Hours (at the time the application is made), the Access Seeker should request that Normal Hours be extended. In such circumstances, V/Line shall make available Access for such Service during Normal Hours (as amended), provided that the Operator provides V/Line with at least one (1) month’s notice. For clarification, V/Line must not reduce the Normal Hours without the prior approval of the ESC where:
- (i) that reduction would prejudice an existing Scheduled Service; and
 - (ii) the applicable Operator has not consented to that reduction.
- 4.2.e. If an Operator seeks an Unscheduled Service on an Out of Hours basis, the charging will be based on the applicable charges as set out in Appendix 1, and further adjusted as modified by prior agreement between V/Line and the Operator so as to reflect the “Operator pays incremental costs” principle set out in clause 4.2.h.
- 4.2.f. If an Operator does not use an Unscheduled Service, the Operator must pay the flagfall element of the applicable price and any other incremental costs contemplated under clause 4.2.h, unless:
- (i) the Operator surrendered or cancelled the Unscheduled Service with sufficient notice to V/Line (such notice being received by V/Line before 10am of the Business Day preceding the date of the Unscheduled Train Path); or
 - (ii) the Operator’s failure to use the Unscheduled Service was caused by an act or omission of V/Line (for example, possession of the relevant Line), other than a direction which has been given as the result of the act or omission of the Operator.
- 4.2.g. Unscheduled Services will be provided Out of Hours following application to V/Line by an Operator, and mutual agreement between V/Line and the Operator. Charging will be based on the applicable charges as set out in Appendix 1, as modified by prior agreement between V/Line and the Operator so as to reflect the “Operator pays incremental costs” principle set out in Clause 4.2.h.

- 4.2.h. Each Out of Hours pricing arrangement, and the pricing arrangement for each Scheduled Service or Unscheduled Service for which the performance standard of rail infrastructure sought by an Access Seeker is higher than the Performance Standard, will be the sum of:
- (i) the corresponding Normal Hours pricing, as set out in Appendix 1; plus
 - (ii) either:
 - 1) the incremental costs incurred by V/Line in providing that Service;
or
 - 2) the reasonably anticipated costs (as agreed between the parties) of providing that Service; plus
 - (iii) the operating margin of 8.0% permitted under this Access Arrangement on the incremental cost in paragraph (ii) above.

For the purposes of this Access Arrangement, the calculation of charges on this basis is referred to as the “**Operator pays incremental cost principle**”. If there is no agreement between the parties for the purposes of clause 4.2.h(ii)(2), clause 4.2.h(ii)(1) shall apply.

4.3. Revenue Cap

- 4.3.a As at the Commencement Date, the Revenue Cap that applies in respect of the provision of declared rail transport services under this Access Arrangement is the sum of the Freight Revenue Cap, as described in clause 4.3.b below, and the Passenger Revenue Cap, as described in clause 4.3.c below.
- 4.3.b The Revenue Cap that applies to declared rail transport services that are freight services over the Access Period (**Freight Revenue Cap**) is \$70.2 million, which is the present value of the forecast efficient cost of providing declared rail transport services (that is, the cost of supply of freight services) that are freight services in each year of the Access Period (expressed in 1 January 2009 prices) and this has been discounted to 1 January 2009, using a real pre-tax weighted average cost of capital of 7.2%.

4.4. Freight pricing structure and task differentiation

- 4.4.a V/Line’s reference pricing structure, as set out in Appendix 1, includes:
- (i) a flagfall charge (in \$ per TK) and a variable charge (in \$ per GTK);
and
 - (ii) task differentiation between grain freight and non-grain freight.

4.4.b. Not used.

4.4.c. V/Line shall not charge:-

- (i) for Access to silo sidings and regional loading facilities. Occupation of these sidings and facilities will be made available to Access Seekers by agreement with the loading facility operator (see Information Pack);
- (ii) other than as set out in Appendix 1, for Access to yards for freight storage, loading and make up / break up of trains. However, the above-rail operator of these yards may charge the Access Seeker for freight storage, shunting and marshalling;
- (iii) for Access for an ancillary movement, provided it extends no further than one kilometre from the train. Ancillary movements are mainline movements associated with the make up or break up of trains and loading and unloading operations. V/Line will charge for any movements in excess of one kilometre as a Scheduled Service or Unscheduled Service as applicable; and
- (iv) the flagfall charge for Trip Trains. In other words, the flagfall for Trip Trains will be charged on the basis of the variable rate only.

4.4.d. Operators may be required to make their own arrangements in respect of stabling. However, in the event of a need for stabling by an Operator to which V/Line has provided or is about to provide Scheduled Services or Unscheduled Services, V/Line will make available temporary storage to that Operator for no additional consideration, provided doing so will not adversely affect either the provision of Access by V/Line to other Operators or V/Line's maintenance of the Network.

4.5. Price escalation

Access pricing during the term of an Access Agreement will be adjusted annually according to the formula set out in Appendix 11.

Part 5

5. Management of capacity and Network

5.1. General

- 5.1.a. V/Line shall comply with the Capacity Use Rules.
- 5.1.b. V/Line shall comply with the Network Management Rules.

5.2. Network Service Plan and Network Map

- 5.2.a. V/Line's Network Service Plan contains separate sections for passenger and freight timetables that have been developed with the respective train operators in accordance with their Access requirements and the procedures contained in this Access Arrangement and the Operating Handbook.
- 5.2.b. As outlined in the Operating Handbook, V/Line's master train timetable shall be updated to reflect grants of Access to Scheduled Services. If practicable, V/Line's Daily Train Plan (which is updated on a weekly basis) shall be updated to reflect grants of Access to Unscheduled Services.
- 5.2.c. The Network Map shall show Scheduled Services and Available Paths in Normal Hours and Available Paths in Out of Hours times for each line of the Network. The Network Map will be reviewed at least annually and made available as requested.

5.3. Capacity allocation in response to Access applications

- 5.3.a. Available Paths in Normal Hours are available to Operators at the applicable reference price as stated in clause 4.2.b.
- 5.3.b. Available Paths in Out of Hours times are available on the terms stated in clauses 4.2.d and 4.2.e.
- 5.3.c. If two Operators require the same Available Path, priority will be determined in accordance with the Operating Handbook.

5.4. Variation and surrender of a Train Path

- 5.4.a. All permanent changes to the passenger timetable are dealt with as set out in the Operating Handbook.

- 5.4.b. As outlined in the Operating Handbook, V/Line shall assist Operators in dealing with the metropolitan access provider to achieve full journey train paths.
- 5.4.c. Permanent variation of the timing of Scheduled Services will be conducted in accordance with the Operating Handbook.
- 5.4.d. Temporary variation of the timing of Scheduled Services will be conducted in accordance with the Operating Handbook.

5.5. Protocols and capacity allocation protocols

- 5.5.a. Network protocols and work procedures apply to all passenger and freight train operators and are varied in accordance with the processes provided for in the Network Management Rules and the Capacity Use Rules in consultation with all affected operators and, where required contractually, upon approval by the Director of Public Transport.
- 5.5.b. The protocols and work procedures are available at V/Line's office located at Level 23 at 570 Bourke Street Melbourne and will be published on the V/Line web site.
- 5.5.c. The protocols and work procedures are:
 - (i) Network Service Plan
 - (ii) Network Operating Requirements (Network Infrastructure)
 - (iii) Network Service Plan Addenda (Includes authorised rolling stock)
 - (iv) Operating Handbook
 - (v) Emergency Management Plan
 - (vi) Rolling Stock Access (NOPR: 0018).

5.6. Reporting of actual Train Path utilisation

- 5.6.a. V/Line will record Train Path utilisation in the train management and billing computer system. V/Line will provide a report on Train Path utilisation to the ESC for each quarter on or before the 20th day of the month following the end of the calendar quarter to which the utilisation report relates.

Part 6

6. Account keeping

6.1. Preparing, maintaining and keeping accounting records and accounts

- 6.1.a. V/Line will prepare and keep separate accounts for its network operating division (Regional Network and Access Department) from its other business divisions (including its passenger service operations division). These accounts will be kept for 7 years.
- 6.1.b. V/Line shall comply with the Account Keeping Rules.
- 6.1.c. The cost allocation policy that is prepared by V/Line under the Account Keeping Rules will be annexed to this Access Arrangement following its approval by the ESC. V/Line shall comply with the cost allocation policy when carrying out its obligations under the Account Keeping Rules.

Part 7

7. Performance Indicators

7.1.a. V/Line shall publish on its website:

- (i) the Average Maximum Operating Speed on each Line Section; and
- (ii) the maximum speed on each Line Segment,

on a basis directly comparable with the relevant standard set out in Appendix 6.

7.1.b. V/Line shall also publish on its website, separately for the freight only rail lines and for the rail lines carrying passenger services, V/Line's performance against the following indicators:

- (i) the number of kilometres of track affected by temporary speed restrictions on a moving six monthly basis; and
- (ii) the average number of kilometres of track on each day during the year affected by temporary speed restrictions.

7.1.c. V/Line shall also report its performance against the following indicators:

- (i) Separately for the freight only rail lines and for the rail lines carrying passenger services:
 - 1) the percentage of granted paths varied for the purpose of track possessions;
 - 2) the number of sleepers replaced each year;
 - 3) the number of safety incidents reported to the relevant safety regulators (including the Director, Public Transport Safety and the Office of Chief Investigator, Transport and Marine Safety Investigations); and
- (ii) the number of broken rails and "pull aparts" for the Network as a whole in each year.

7.1.d. Unless otherwise stated, the performance indicators specified in clauses 7.1.a, 7.1.b and 7.1.c must be reported to the ESC in the manner requested by the ESC.

Part 8

8. Ring Fencing

8.1.a. As at the Commencement Date, the ESC has not applied the Ring Fencing Rules to V/Line. The obligations under this Part 8 (other than clause 8.1.b) are intended to address requirements in Part 2A, Division 7 of the RCA.

8.1.b. If after the Commencement Date the obligations under the Ring Fencing Rules are applied to V/Line by the ESC, the Separation Arrangement that is prepared by V/Line under the Ring Fencing Rules will be annexed to this Access Arrangement following its approval by the ESC.

8.1.c. Access Seeker Information

Access Seeker Information shall be kept confidential and shall be handled in accordance with the system and business rules to be established under section 38ZZZB of the RCA and to be approved by the ESC. The system and business rules for handling Access Seeker Information will be annexed to this Access Arrangement following its approval by the ESC.

8.1.d. Training

Training for relevant V/Line staff and contractors in V/Line's information handling (and if applicable, ring fencing) obligations and procedures will be conducted.

8.1.e. Complaints

Complaints from Operators to V/Line in connection with a belief that V/Line has not complied with V/Line's obligations under the RCA with respect to information supplied by the Operator to V/Line in confidence, will be dealt with in accordance with the dispute resolution procedures contained in the standard Access Agreement in Appendix 3 (whether or not such agreement has been entered into by the Operator and V/Line).

Appendix 1

Pricing

Introduction

The prices specified in this Appendix 1 are standing offer prices. The pricing set out in this Appendix 1:

- (i) applies in respect of Scheduled Services in Normal Hours and Unscheduled Services in Normal Hours; and
- (ii) forms the basis of pricing for Unscheduled Services in Out of Hours. Clause 4.2 sets out further details of pricing for Unscheduled Services in Out of Hours.

For clarification:

- (i) the liability of Operators to pay the charges specified in this Appendix 1 will arise pursuant to an Access Agreement when a Scheduled Service or Unscheduled Service is applied for and granted, subject to the operation of clause 4.2.f (in relation to Scheduled Services) and clause 4.2.g (in relation to Unscheduled Services); and
- (ii) notwithstanding that the prices in this Appendix 1 are standing offer prices, V/Line and an Access Seeker may agree to different prices, subject to the RCA, the Negotiation Guidelines and this Access Arrangement.

A. Grain Freight Access

V/Line will charge Operators the sum of:

- (1) the flagfall rate as shown below; and
- (2) the variable rate,

in each case as set out below for the financial year in question.

Year	Flagfall rate, \$/TK	Variable rate, \$/1000 GTK
2008/09	5.267	7.005
2009/10	(A)	(A)
2010/11	(B)	(B)

(A) Based on 2008/09 price, as adjusted according to the mechanism in Appendix 11.

(B) Based on 2009/10 price, as adjusted according to the mechanism in Appendix 11.

B. All Other Freight Access

V/Line will charge Operators the sum of:

- (1) the flagfall rate as shown below; and
- (2) the variable rate,

in each case as set out below for the financial year in question.

Year	Flagfall rate, \$/TK	Variable rate, \$/1000 GTK
2008/09	0.806	1.517
2009/10	(A)	(A)
2010/11	(B)	(B)

(A) Based on 2008/09 price, as adjusted according to the mechanism in Appendix 11.

(B) Based on 2009/10 price, as adjusted according to the mechanism in Appendix 11.

C. Other Access

V/Line will charge Operators:

- (1) for non-exclusive access at the applicable prices in this Appendix 1 for movements into and out of Somerton, Melbourne Arrival Sidings and those parts of Tottenham Yard not leased to PN, but no further fee for the first 24 hours only, after which an additional fee of \$12.05 (excluding GST) per vehicle per day or part thereof (or such other rate as determined by the ESC from time to time) will apply; and
- (2) for non-exclusive track access to the Geelong Grain Loop at the rate of \$73.88 (excluding GST) per Train (or such other rate as determined by the ESC from time to time).

In each case the charges will be adjusted according to the mechanism in Appendix 11.

Interpretation

In this Appendix **Train** means any rolling stock operated as a single unit or coupled together.

Appendix 2

Information to accompany an Access application

The applicant must provide the following information with an Access application:-

Applicant Details

- Company details.
- Company address and contact details.
- Company number and Australian Business Number.

Description of Service(s) including

- Origin and Destination of each Service sought.
- Frequency of Service(s) (estimated number of services per day, days of operation, days of operation per year.)
- Indicative departure time and arrival time for each Service.
- Whether or not the Service requires a change to the currently applicable Normal Hours.
- Description of any other special conditions required to operate the Service, required performance standards, frequency.

Details of the rolling stock and freight/passenger

- Details of freight including, type, estimated annual tonnage, seasonal variation, handling requirements (including hazardous substance details) and any specific operational requirements.
- Typical consist for each Service. Loaded weight, empty weight and tare weight.
- Acknowledgement that the Operator will be required to provide the list of all wagons and types of wagon being operated (including technical details and axle load, loaded weight and tare weight, together with certification from a qualified engineer that the rolling stock conforms to the rolling stock standards supplied in the information pack).
- Acknowledgement that the Operator will be required to provide the list of all locomotives and types being operated (including axle load, fully fuelled weight and performance characteristics together with certification from a qualified engineer that the locomotives comply with the rolling stock standards supplied in the information pack).

Term of agreement proposed

- Details of the term of the agreement sought and any special provisions.
- Commencement date for the proposed agreement.

Financial capacity

- Evidence of financial capacity.
- Acknowledgement that the Operator will be required to provide the public liability insurance for \$250 million.

Competency and capacity

- Acknowledgement that the Operator will be required to provide the appropriate accreditation to operate Services.

- Confirmation that the Operator's drivers who are to operate Services on a Train Path have the requisite experience and training to operate those Services on that Train Path.

Additional Information requirement for interconnection or upgrade applications

- Need for conditional or surge capacity based on historical usage patterns, market characteristics or other constraints such as shipping.
- Anticipated change in demand associated with a commitment to upgrade or expand capacity,

Electronic or written form is acceptable provided it clearly states:

*This is an application made in accordance with the Access Arrangement made by the Essential Services Commission of Victoria, in respect of V/Line, dated **[insert date]**.*

Appendix 3

Access agreement

Appendix 4

Ring fencing separation arrangement

[Note: If at any time the obligations under the Ring Fencing Rules are applied to V/Line by the ESC, the Separation Arrangement will be appended here.]

Appendix 5

Definitions

Any capitalised term used in this Access Arrangement that is not defined in this Appendix 5 or elsewhere in this Access Arrangement, but is defined in the RCA, has the meaning given in the RCA.

Access	<p>As the context requires, either:</p> <ul style="list-style-type: none">(a) the access sought by an Access Seeker from V/Line; or(b) the access provided by V/Line (in its capacity as the operator or manager of the Network) to:<ul style="list-style-type: none">(i) an Access Seeker or;(ii) itself (in its capacity as an operator of passenger services), <p>pursuant to an Access Agreement.</p>
Access Agreement	<p>An agreement between V/Line as Access provider and:</p> <ul style="list-style-type: none">(a) an Operator in relation to Access to the Network, either on the basis of the standing offer terms and conditions in Appendix 3, or on other terms agreed between the parties; or(b) V/Line (in its capacity as an operator of passenger services) in relation to Access to the Network.
Access Period	<p>The three year term of this Access Arrangement.</p>
Access Seeker	<p>As the context requires, either an Operator seeking to enter into an Access Agreement with V/Line or an Operator that has entered into an Access Agreement with V/Line.</p>
Access Seeker Information	<p>Information provided to V/Line by an Operator and which the Operator identifies</p>

as being confidential.

Available Path	An operationally achievable Train Path, other than a Train Path already committed by V/Line to another Operator under an Access Agreement.
Average Maximum Operating Speed	The distance-weighted average of the maximum speeds at which a train with a 19-tonne axle load can operate over each Line Segment as specified in the Network Operating Requirements or the Operating Handbook (or both).
Business Day	A day that is not a Saturday or Sunday or a day appointed under the <i>Public Holidays Act 1993 (Vic)</i> as a public holiday in the place which the act or thing is to be or may be done.
Commencement Date	29 June 2009, pursuant to section 38ZR(5) of the RCA.
Cost Allocation Policy	The policy approved by the ESC in accordance with section 5 of the Account Keeping Rules and attached at Appendix 7 of this Access Arrangement.
CPI	<p>For a particular Review Date:</p> <p>(a) Consumer Price: All Groups Index Number Melbourne published by the Australian Bureau of Statistics (Bureau) for the March quarter immediately preceding the start of the relevant Review Date,</p> <p>divided by:</p> <p>(b) Consumer Price: All Groups Index Number Melbourne published by the Bureau for the March quarter immediately preceding the March quarter referred to in paragraph (a).</p> <p>In this definition:</p> <p>(a) the references to the Consumer Price: All Groups Index Number Melbourne means:</p> <p>(i) the same index number but with a different name at any time; and</p>

	(ii) the same numbers adjusted mathematically to take account of a change at any time in the base year provided that indices of the same base year are used throughout the calculation; and
	(b) the references to the Bureau include a reference to the Bureau but with a different name at any time.
Daily Train Plan	The timetable maintained by V/Line in accordance with the Operating Handbook that sets out all planned train movements on the Network on a particular day.
Director of Public Transport or Director	The Director of Public Transport under the Transport Act 1983 (Vic) acting on behalf of the Crown in right of the State of Victoria.
Geelong Grain Loop	The area coloured red, blue and green on the diagram set out in Annexure B.
GST	As defined in <i>A New Tax System (Goods and Services Tax) Act 1999 (Cth)</i> .
GTK	Gross tonne kilometres, being the total gross weight (in tonnes) of a train multiplied by the distance travelled (in kilometres).
Indicative Access Proposal	V/Line's initial offer of access based on its standard terms and conditions.
Line Section	The line sections of the Network, as described in Appendix 6.
Line Segment	A segment of rail track of the Network designated as a "line segment" by V/Line in its Network Operating Requirements or its Operating Handbook (or both), and which has specific operating requirements. For example, a 100km Line Section might comprise 6 different Line Segments (the combined length of which total the length of the Line Section), and each have different operating speed limits.
Melbourne Arrival Sidings	The area so indicated on the diagrams set out in Annexure A.

Network	That part of the land and rail infrastructure that is both: (a) operated or managed by V/Line; and (b) declared under section 38I of the RCA, including Somerton, Melbourne Arrival Sidings, those parts of Tottenham Yard not leased to PN and, for such period as V/Line continues to act as access manager of the Geelong Grain Loop pursuant to its appointment to do so by the Victorian Rail Track Corporation, the Geelong Grain Loop.
Network Map	The set of maps of the Network showing Scheduled Services and Available Paths in Normal Hours and the Available Paths in Out of Hours times.
Network Operating Requirements	That part of the Network Service Plan entitled “Network Operating Requirements” and “Addenda”, as published by V/Line from time to time.
Network Service Plan or NSP	The network service plan as amended from time to time by V/Line in accordance with the Operating Handbook, and showing passenger train paths, Scheduled Services and Available Paths on the Network.
Normal Hours	The proposed operation of a Train on the Network on the basis that it is consistent with the normal signal box operating hours (block working hours) for the relevant corridor of the Network. The normal signal box operating hours are available from the NSP. The normal signal box operating hours are only changed when changes are made to Scheduled Train Paths for passenger and/or freight trains in the MTT, in accordance with the provisions of this Access Arrangement and the Operating Handbook. Normal signalbox hours as at the date of this Access Arrangement are contained in Appendix 9, and changes will be published in the Network Service Plan.
Operator	A freight train operator, and includes an Access Seeker.
Operating Handbook	The current version of the handbook of procedures and protocols as approved by

	the ESC, that sets out how train schedules and authorised working in the Network will accommodate customer needs, access requirements and resource availability. The handbook includes the Network Map and protocols required under the Network Management Rules and the Capacity Use Rules.
Out of Hours	All times outside Normal Hours.
Performance Standard	The Average Maximum Operating Speed performance standards across the Network from time to time, being those standards specified in Appendix 6 as at the Commencement Date, and as subsequently varied pursuant to clause 4.1.f.
PN	Pacific National (Victoria) Limited.
RCA	<i>Rail Corporations Act 1996 (Vic).</i>
Revenue Cap	As defined in clause 4.3.
Review Date	1 July of each year of the Access Period. For the avoidance of doubt, the first Review Date (to determine prices for 2009/10) will be 1 July 2009.
Scheduled Services	The provision by V/Line of Access for which an Operator gains an entitlement to use the applicable Train Path(s) on a recurrent basis upon entry into, or by amendment of, its Access Agreement.
Separation Arrangement	The ring fencing separation arrangement described in section 5 of the Ring Fencing Rules.
Services	The provision of Access by V/Line in the form of Scheduled Services, and/or Unscheduled Services.
Somerton	The area so indicated on the diagrams set out in Annexure A.
TK	Train kilometre.
Tottenham Yard	The area so indicated on the diagrams set out in Annexure A.
Train Path	The particular time interval, including an

entry time and day and an exit time and day, through which a train may travel over a segment of the Network from an origin to a destination and may include stopping points and intermediate times and locations that V/Line considers necessary or appropriate to define the pathway.

Trip Trains

Train movements of rakes of a larger freight train (e.g. Tottenham Yard to Dynon Terminal/Port of Melbourne).

Unscheduled Services

The provision by V/Line of Access for which an Operator gains an entitlement to use the applicable Train Path(s) by means of the process of nomination and allocation, both on a short-term basis, under its Access Agreement.

Appendix 6

Track standard by corridor

The table below sets out the Performance Standard as at the Commencement Date, which is defined as having an Average Maximum Operating Speed for each Line Section no lower than the corresponding speed for that Line Section as indicated in the table below.

Note: The impact of any temporary speed restriction (TSR) has been taken into account in calculating Average Maximum Operating Speed for the relevant Line Section.

Line Section	Average Maximum Operating Speed no lower than (km/h)
Ballarat – Dunolly (via Maryborough),	25 ⁽¹⁾ , 70 ⁽²⁾
Dunolly – Mildura	25 ⁽¹⁾ , 70 ⁽²⁾
Shepparton – Tocumwal	55
Toolamba – Echuca,	Booked out
Korong Vale – Boort	60
Inglewood – Wycheproof	60
Dunolly – Inglewood	55
Gheringhap – Ballarat	70
Melbourne Freight Mainlines	20
Wodonga – Bandiana	15
Benalla – Oaklands	Booked out
Shepparton – Dookie	Booked out
Echuca – Deniliquin	40
Barnes – Moulamein	Booked out
Swan Hill – Piangil	Booked out
Boort – Robinvale	20
Wycheproof – Mittyak	45
Eaglehawk – Inglewood	35
Mildura – Yelta	20
Ouyen – Panitya,	Booked out
Murtoa – Hopetoun	40
Dimboola – Yaapeet	30
Warrnambool – Dennington	25
Moolort – Maryborough,	25
Maryborough – Ararat	Booked out
Sidings (other than Sidings that are not connected to the Network whether by being disconnected, spiked out, or otherwise closed) and Terminals	5
Sidings that are not connected to the Network whether by being disconnected, spiked out, or otherwise closed	Booked out

⁽¹⁾ Until the Victorian Government's Mildura initiative is completed.

⁽²⁾ On the basis that the Victorian Government's Mildura initiative has been completed.

Interpretation

In this Appendix 6:

Siding means Tracks on the Network connected to a running line or to another siding on which Rolling Stock can be placed clear of the running line;

Terminal means a facility at which freight is loaded or unloaded from Rolling Stock, or stored, and includes locomotive maintenance facilities, hard stands, equipment and other infrastructure used for the loading or unloading of freight from Rolling Stock at the facility;

Track means any single line between two turnouts, or from a turnout to the baulks.

Appendix 7

Cost Allocation Policy

Appendix 8

Dispute resolution during negotiation process

- a) If a dispute arises between V/Line and the Access Seeker in connection with the negotiations for the provision of access pursuant to this Access Arrangement ("Dispute") then either party may give a notice ("Dispute Notice") to the other specifying the Dispute and requiring it to be dealt with under this Appendix 8.
- b) V/Line and the Access Seeker shall use reasonable endeavours and act in good faith to settle the dispute as soon as practicable.
- c) The Chief Executive Officers of the Access Seeker and the Chief Executive of V/Line must, within 10 Business Days from the date of receipt of a Dispute Notice, attempt to resolve the Dispute.
- d) If a Dispute is not resolved in accordance with clause (c), V/Line and the Access Seeker may agree to jointly choose and appoint an independent expert to provide a report containing a recommendation as to the basis on which the Dispute should be resolved.
- e) If the parties agree to appoint an independent expert in accordance with clause (d), then:
 - i) in the absence of agreement as to the independent expert within 10 Business Days the independent expert will be appointed on the application of V/Line by the President of the Institute of Arbitrators and Mediators Australia;
 - ii) the independent expert must provide his report as soon as practicable and, if possible, within 20 Business Days of the Dispute being referred to the expert;
 - iii) the independent expert will act as an expert and not an arbitrator and may adopt such procedures as he/she thinks fit;
 - iv) the costs of the independent expert will be borne equally by V/Line and the Access Seeker; and
 - v) V/Line and the Access Seeker will use their best endeavours to resolve the dispute on the basis set out in the expert report obtained under this clause (e), within 10 Business Days of receipt of the expert report.
- f) If either V/Line or the Access Seeker refers the Dispute to the ESC, either party may provide the ESC with a copy of the expert report obtained under clause (e).

Appendix 9

Normal Signal Box & Signalled Locations: Operating Hours at the Commencement Date

Appendix 10

Procedures for handling Access Seeker Information

Appendix 11

Annual variation of access fees

On each Review Date during the term of an Access Agreement, the access fees will be varied in accordance with the following formula:

$$A(n) = A(n-1) \times \text{CPI}$$

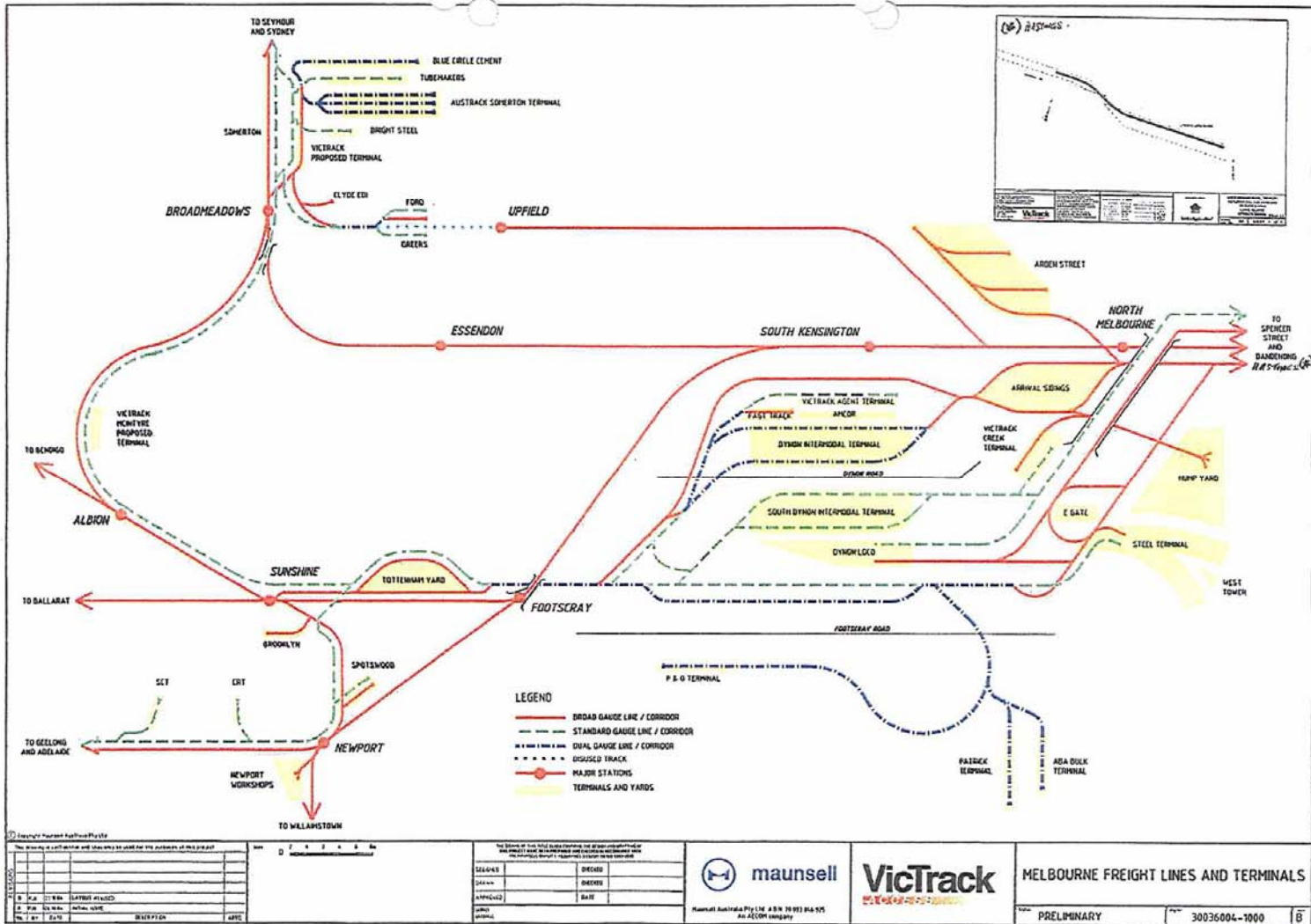
where

$A(n)$ = The access fees to apply from the year from the relevant Review Date;
and

$A(n-1)$ = The access fees that applied in the year prior to the relevant Review Date.

Annexure A

Location diagrams



Approved Project Approval P104

This drawing is a preliminary and shall only be used for the purposes of this project.

NO.	DATE	BY	CHKD.

NO.	DATE	BY	CHKD.

DESIGNER	DESIGN
DRAWN	CHECKED
APPROVED	DATE

maunsell

Maunsell Australia Pty Ltd ABN 59 951 844 575
AN ACCION COMPANY

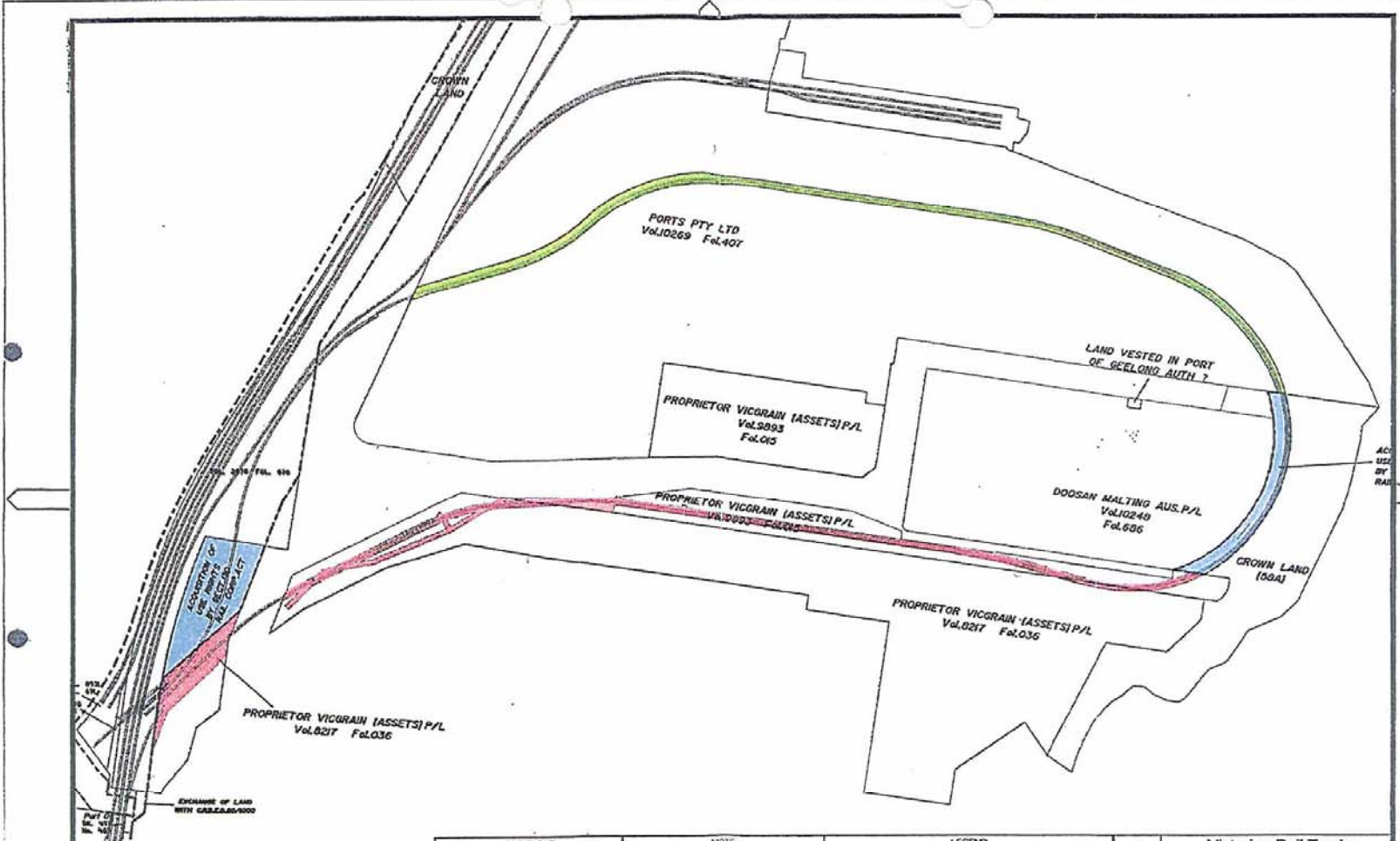
VicTrack

THE VICTORIAN RAILWAYS

MELBOURNE FREIGHT LINES AND TERMINALS

PRELIMINARY 30036004-1000 B

Annexure B
Geelong Grain Loop



RAILWAY PURPOSES EASEMENT ON VICIRAIN PTY LTD LAND

VICIRACK USE RIGHT OVER CROWN LAND

VICIRACK LEASE OF PORTS PTY LTD LAND

COPYRIGHT

This plan is the property of Victorian Rail Track and shall not be reproduced or used in any form whatsoever without the prior written consent of Victorian Rail Track.

Plan prepared by:
Property Department
10th Floor,
319 Collins Street,
Melbourne 3000

NOTE

This plan has been compiled using information from a number of sources and some plan elements may not be shown accurately. Independent verification is recommended before reliance is placed on using the plan information.

Victorian Rail Track will not accept any liability for any use to which the plan may be put and gives no guarantee as to its accuracy.

LEGEND

45 SCALE / LARGE SET ON

854 TRACK LINE USE ON

ELLIMBERRIE

AREA OF INTERNAL SURFACE

AREA OF EXTERNAL SURFACE

AREA OF INTERNAL SURFACE

AREA OF EXTERNAL SURFACE

AREA OF INTERNAL SURFACE

AREA OF EXTERNAL SURFACE

AREA OF INTERNAL SURFACE

AREA OF EXTERNAL SURFACE

Victorian Rail Track

NORTH GEELONG RAIL LOOP

0 20 40 60 80 100 120 140 160

Original Scale: A2

Project: 04-03-2007

SHEET OF