

# BUSINESS\$ WEEKLY

## MOVING FORWARD

# Asciano wins rail job

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**T**HE long-held QR monopoly on coal transport in the Bowen Basin has ended with Pacific National owners Asciano announcing they have won contracts with both Rio Tinto Coal and Xstrata Coal.

The company is expected to begin hauling coal from early 2010.

Asciano managing director and chief executive officer, Mark Rowsthorn said that after months of negotiations, securing the contracts was a milestone for Asciano.

"The contracts Asciano has entered into are unique and set a new benchmark for rail freight services in Australia," Mr Rowsthorn said.

"The partnership model agreed to by Pacific National and our customers includes reciprocal performance indicators that will ensure coal throughput is optimised throughout the life of the contract."

Asciano will begin by investing about \$380 million in new rolling stock and infrastructure to service the contracted volumes.

**'Make no mistake – we will be fierce competitors in our home state'**

QR's Lance Hockridge

A further \$200 million



Asciano, which owns rail company Pacific National has won prestigious long term contracts servicing the Bowen Basin, challenging the monopoly long-held by Queensland Rail.

PHOTO: CONTRIBUTED

would provide the capacity for future expansion.

"This type of investment is perfect for Asciano as it launches Pacific National into a market that is experiencing continuing high levels of growth.

"Providing services in a rapidly-expanding export supply chain that is essential to Australia's economy is a unique opportunity."

The Queensland Re-

source Council chief executive Michael Roche, a long time critic of Queensland Rail's capacity to fix bottle necks in the Bowen Basin, said the competition "could only sharpen" the freight company's focus on customers.

"The advantage of a separation is that it would hopefully avoid much of the huge regulatory burden of determining a fair

return on QR Network's monopoly rail assets," Mr Roche said.

"It would provide confidence that QR will not be able to misuse its monopoly control over the coal network to the detriment of customers and competitors.

"Clearly, Pacific National has seen an opportunity to challenge QR's historical ascendancy."

QR, for their part have gritted their teeth and steeled themselves to battle for their place at the top of the coal hauling food chain.

QR chief executive officer Lance Hockridge said the move from Asciano was far from unexpected.

"QR welcomes competition because it is good for customers, good for Queensland and ultimate-

ly good for QR," he said.

"Make no mistake – we will be fierce competitors in our home state by focussing on providing the best value and service to our customers.

"QR is actively growing all of its businesses including coal, bulk and intermodal freight and passenger through an \$8 billion five-year capital investment program."

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