

GLENCORE

6 September 2019

Mr Matthew Schroder
General Manager Infrastructure & Transport – Access & Pricing Branch
Australian Competition and Consumer Commission
GPO Box 520
Melbourne VIC 3001
Email: transport@acc.gov.au

Dear Matthew,

Re ARTC Compliance with HVAU for 2016

Thank you for the opportunity to lodge this submission in response to the Australian Competition and Consumer Commission's (ACCC's) Consultation Paper on Australian Rail Track Corporation's (ARTC's) compliance with the financial model in the Hunter Valley Access Undertaking ('HVAU') dated 22 August 2019 as part of the 2016 Compliance Assessment. As you may be aware Glencore owns or manages a significant number of coal mines in the Hunter Valley and is an Access Holder under the HVAU.

Glencore offers the following comments and questions in response to the Consultation Paper and material provided by ARTC:

1. Prudence of capital expenditure – disposals

Glencore note that there have been disposals during 2016 which appear to have been set off against the RAB, and that details of these disposals are provided. We do however seek confirmation on the process undertaken by the ACCC and ARTC to ensure that disposals are correctly recorded, and in particular that capital additions have a corresponding disposal where this is appropriate (e.g. in the case of asset replacements), including checking with the material approved by the RCG. We would encourage the ACCC to verify the accuracy of this recording throughout the Compliance Assessment.

2. Efficiency of operating expenditure – cost allocators

Glencore note that the ACCC accepted ARTC's use of cost allocators in the 2015 Compliance Assessment, and that these cost allocators appear to have been used in the same manner for the 2016 Compliance Assessment, where both differ to the recommended WIK-Consult allocators. However, it is difficult to ascertain on what basis these cost allocators have been accepted, other than that ARTC has provided the ACCC some details and the ACCC is satisfied with the arguments made. Glencore would appreciate detail on how the cost allocators used by ARTC comply with the HVAU, and the reasoning for dispensing with the WIK-Consult findings in relation to cost allocators which appears to represent sound reasoning.

Glencore appreciates the efforts of both the ACCC and ARTC in this Compliance Assessment to date, and looks forward to responses to our comments raised above during the remainder of the Compliance Assessment.

Yours sincerely,



Brett Harris.