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Dear Martin

Section 4.18 of the Hunter Valley Access Undertaking - Final Indicative Service – GTKM pricing unit consultation

Please find following Anglo American comments in relation to the recent ARTC request for stakeholder views on the Gtkm pricing unit as part of the Final Indicative Service consultation process.

ARTC seeks stakeholder views in relation to the continuation of using gtkm as a pricing unit for the TOP component of the Access Charge.

- Anglo American is supportive of the continuation of the use of gtkm as the pricing unit of the ToP component and also of the non-ToP component of the Access Charge.

ARTC seeks stakeholder views in relation to whether the use of gtkm as a pricing unit for the TOP component of the Access Charge, by itself, impacts on the encouragement of efficient consumption of Capacity, and whether the impact is adverse.

- Anglo American believes that no pricing differential, whether Gtkm or otherwise, impacts in any meaningful way on the efficient use of capacity unless the differential is significant in dollars per net tonne terms.
- It has been Anglo American's experience that the greater impact on efficient use of track capacity has eventuated through the advent of competitive above rail services seeking to improve gross to net ratios through lower tare/higher payload train sets.
- The impact of using Gtkm as a pricing unit is not considered adverse.

ARTC seeks stakeholder views in relation to the adoption of tkm as a pricing unit for the TOP component of the Access Charge, in light of the costs and benefits of such an adoption suggested by ARTC.

ARTC seeks stakeholder views in relation to whether there are any other benefits or costs associated with the adoption of tkm as a pricing unit for the TOP component of the Access Charge.

- Anglo American does not support a change to train km (tkm) pricing given that it provides no cost or operational improvement over the existing Gtkm pricing approach.

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ARTC seeks stakeholder views in relation to the extent to which the multi-part pricing approach applied to coal in the CQCR and the use of a range of different pricing units acts to provide incentive to consume network capacity efficiently.

ARTC seeks stakeholder views in relation to how the multi-part pricing approach applied to coal in the CQCR and the use of a range of different pricing units would result in substantive improvements over the existing coal access pricing approach in the Hunter Valley and the use of gtkm, in relation to encouraging efficient consumption of Capacity.

ARTC seeks stakeholder views in relation to whether the benefits of adopting a multi-part pricing approach applied to coal in the CQCR and a range of different pricing units would significantly outweigh the costs associated with adopting such an approach.

- Anglo American does not believe multi-part pricing acts by itself or assists to promote the more efficient use of network capacity. The reasoning for this relates to the past history of both the CQCR and Hunter Valley where train payloads have been more efficiently bulked up over time as a direct result of: (1) maximising dump slots at ports; (2) network capacity restrictions; (3) competitive tension in service offerings between rail operators.
- Anglo American does not believe the multi-part pricing approach has any significant benefit to warrant its use by ARTC over Gtkm pricing.
- Anglo American is strongly of the view that complex multi-part pricing should not be adopted in the Hunter Valley.

We hope this is of assistance. Please let us know if you would like to discuss.

Yours sincerely



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