

 ADJUDICATION – FILE NOTE			
Date:	19 November 2007	Participants:	<i>Qld Department of Infrastructure:</i> Peter Bendall Justin Murphy Vanessa Cornell <i>Qld Department of Transport:</i> Greg Hollands Patrick Quirk
ACCC Officers:	David Hatfield Hew Atkin	Time:	11:00am
Subject:	Dalrymple Bay Coal Terminal – authorisations A91060-A91062		

On 19 November 2007, ACCC staff met with representatives from the Queensland Government regarding Dalrymple Bay Coal Terminal Pty Ltd's (DBCTPL) application for authorisation of their queue management system (QMS).

ACCC staff explained that no concerns had been raised in submissions responding to DBCTPL's application, but the ACCC was interested to clarify some issues; particularly the nature and extent of any impact the QMS has had and is likely to have on:

- the volume of coal exports through the Terminal
- appropriate investment in coal chain capacity (including investment in above rail) and
- the likelihood of competitive entry in the provision of above rail services.

Staff from the Queensland Government made the following comments:

- The operation of the QMS has not reduced incentives for investment in the Goonyella coal chain. This is evidenced by expansions at the Terminal and recent investments by the Queensland Government in additional rail network expansions and new rolling stock.
- The Queensland Premier has publicly stated that the Queensland Government is committed to maximising the throughput of the Goonyella coal chain.
- In addition to QR investment in rail infrastructure, QRNational Coal is also looking to introduce some additional surge capacity to better respond to normal demand variations as well as seasonal variations in coal haul demands.
- The DBCT is a multi-user open-access facility. As DBCT services more mines, a larger number of users, and handles a greater range of coal products, it is inherently a more complex operation than that of the Hay Point Coal Terminal (HPCT). HPCT owned and operated by BHP Billiton Mitsubishi Alliance (BMA) is a private terminal servicing a smaller number of large mines in a highly integrated and coordinated operation. BMA also has export allocations with DBCT, so a proportion of BMA coal is also exported through the DBCT terminal.

- In addition to the impact of port and rail upgrades on system performance there are contract and operational factors that contribute to the capacity constraints in the Goonyella coal chain.
- It is not yet clear that recent investments in the DBCT Terminal have fully delivered the expected productivity improvements.
- A new round of annual coal contract price negotiations will take place in the lead up to 1 April 2008. Where there is an expectation of an increase in coal prices after 1 April 2008, there is an incentive for overseas coal buyers to have ships in the queue before new (higher) coal prices take effect. The shipping queue therefore can from time-to-time be artificially inflated due to the presence of 'speculative' vessels which are not registered for the QMS.
- The continued operation of the QMS for at least a couple of years is important to prevent further increases in the vessel queue at Dalrymple Bay.