



**Australian  
Competition &  
Consumer  
Commission**

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Our Ref: A91068 - A91070; A91072 - A91074  
Contact Officer: David Hatfield  
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7 December 2007

The Hon. George Souris MP  
Member for Upper Hunter  
PO Box 493  
Muswellbrook NSW 2333

Dear Mr Souris

### **Hunter Valley coal producers – 2008 port and rail allocations**

Thank you for your letter dated 22 November 2007 to the Chief Executive Officer of the Australian Competition and Consumer Commission (the ACCC), Mr Brian Cassidy.

The issues raised in your letter are currently being considered by the ACCC in the context of two applications for authorisation recently lodged with the ACCC. The first application (A91068-A91070) was lodged by Port Waratah Coal Services Limited (Port Waratah), Pacific National (NSW) Pty Limited (Pacific National) and QR Limited (QR) on 16 November 2007. The second application (A91072-A91074) was lodged by Newcastle Port Corporation on 4 December 2007.

Both applications for authorisation relate to arrangements designed to address the imbalance between the demand for coal loading services at the Port of Newcastle and the capacity of the Hunter Valley coal chain in 2008. While the arrangements proposed by Newcastle Port Corporation would effectively maintain the capacity balancing system (CBS) currently in operation, Port Waratah, Pacific National and QR are seeking authorisation of a new Vessel Queue Management System (VQMS).

Under the current CBS, coal producers are allocated a share of the coal chain capacity based on their annual demand nominations provided to Port Waratah. The port nominations have driven coal chain allocation, including determining which coal is railed to the port and when.

Under the VQMS, forecast system demand would be determined by reference to the lesser of each coal producer's port demand nomination or rail contract volumes. Coal chain capacity would then be distributed initially on a pro rata basis to each of the rail providers. It would then be up to the rail providers to allocate their 'rail provider

capacity' to their respective individual customers on the basis of their individual haulage contracts.

The ACCC is conducting an interested party consultation process in relation to both applications for authorisation. Interested parties are invited to make submissions to the ACCC outlining the benefits and detriments which they believe will flow from the proposed arrangements. The ACCC is also meeting with a number of interested parties in order to discuss the issues raised by the applications.

As noted above, the issues raised in your letter of 22 November 2007 will be taken into consideration by the ACCC when it makes its assessment of the applications.

Please note that the applications for authorisation are available on the ACCC's website ([www.accc.gov.au](http://www.accc.gov.au)). Copies of all public submissions will also be available from the website.

I have enclosed some information in relation to the authorisation process for your information.

This letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter, please do not hesitate to contact David Hatfield on (02) 6243 1266.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Scott Gregson', written over a light grey rectangular background.

Scott Gregson  
General Manager  
Adjudication Branch