

HUNTER

Joel Fitzgibbon MP

FEDERAL MEMBER FOR HUNTER

11 December 2007

Mr Scott Gregson
The General Manager
Adjudication Branch
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

By e-mail transmission: adjudication@acc.gov.au

Dear Mr Gregson,

Newcastle Port Corporation: Applications for Authorisation A910072 - A910074

Thank you for your letter of 5 December 2007 asking for submissions from interested parties regarding Newcastle Port Corporation's application for authorisation of a proposed capacity balancing system to apply at the Port of Newcastle from 1 January 2008 to 31 December 2008.

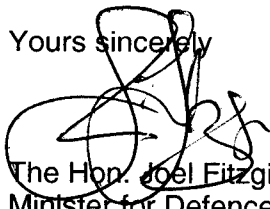
I wish to advise the ACCC that I support Newcastle Port Corporation's application. I have been advised that there is a drafting error in the application which refers to 2007 forecast allocations, rather than 2008 forecast allocation.

The system proposed by Newcastle Port Corporation will preserve the current status quo operating at the Port of Newcastle. Preserving the status quo will give the Commission sufficient time to properly assess the alternative capacity management system, the VQMS, proposed by Port Waratah Coal Services Limited, Pacific National and QR Limited. If necessary, this additional time can also be used by the coal industry to devise alternative arrangements to manage the capacity issues facing the Port.

The Proposed Newcastle Port Corporation System is superior to the VQMS in that it avoids the risks and uncertainties many industry players have identified in the VQMS. For example, the Proposed System will not cause mine closures and production scale-backs, with resulting job losses, as predicted will be caused by the VQMS. It also appears more pro-competitive than the VQMS as it preserves the 'common user' principles of the Port by not excluding new coal producers or rail providers from participating in the Hunter Valley coal industry.

The Proposed System is also superior because it is equitable, understood by the coal industry and has been tested over the significant period of time. It is the appropriate short-term solution to the capacity issues facing the Port.

Yours sincerely



The Hon. Joel Fitzgibbon MP
Minister for Defence

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