

Port Waratah Coal Services Limited & Ors - Authorisations - A91110 - A91112

Allocating port capacity in Newcastle

The coal producers themselves are collectively in the best position to determine the allocation of port capacity. But there must be an incentive to allow room for all existing and new producers.

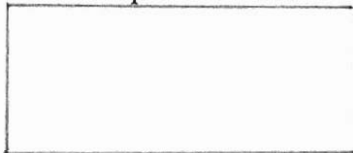
Having each prospective exporter nominate their desired tonnage for the coming year, and then proportionally scaling back the total to match capacity, runs the risk that each exporter will attempt to game the system by over-nominating.

One way to control this gaming is to impose royalties on the nominated tonnages, rather than the scaled back allocations. The producers would then have an incentive to collectively make room for each other. Knowing that, if scaling back becomes necessary, royalties will be paid on unachieved tonnage should create the desired incentive to nominate only the tonnage that will be feasible within the port capacity.

Actual royalties could continue to be paid monthly on actual tonnage, but with an annual reconciliation against the prior submission.

The ACCC's approval would presumably be required to allow the producers to meet together to explore their intentions for the coming year, so as to facilitate realistic nominations.

Dr. Joseph K Winsen



EXCLUDED FROM  
PUBLIC REGISTER