



FILE NOTE – MEETING RECORD (PHONE CALL)			
Matter name:	Anglo Coal Australia Pty Ltd & Ors - Authorisations - A91107 - A91109		
ACCC parties:	Richard Chadwick, David Hatfield, Shane Chisholm, Clare McGinness, Monica Bourke		
Applicants:	Stephen Corones (DLA Phillips Fox), Dan Reynolds (Anglo Coal) and Jeff Lassen (Synergies)		
Date:	28 January 2009	Time:	2:30pm – 3:00pm

The Applicants requested the meeting via telephone to update the ACCC on current issues in the Goonyella coal chain and provide an update on the progress made in developing a long-term solution.

An overview of the issues discussed at the meeting follows:

- The Applicants stated that they do not expect the Goonyella coal chain to be a constrained system in the next six months.
- Dan Reynolds noted the significant fall in demand for coking coal, which makes up a large majority of the coal exported from Dalrymple Bay Coal Terminal. Specifically demand has fallen from a 56 million tonnes per annum (Mtpa) in October 2008 to 28 Mtpa in January 2009 (48 Mtpa in November and 38 Mtpa in December). Mr Reynolds depicted the impact this is having on the Goonyella coal chain as customers deplete their stock piles.
- Mr Reynolds noted that demand is not expected to start recovering until at least the second quarter of 2009, however is not expected to return to original peak levels for at the very least 12 months.
- The Applicants noted that these market shifts resulting from the current economic environment have caused company executives to lose focus on developing a long-term solution. The applicants admitted this has caused them to lose a significant amount of time in beginning to progress the planning stage of the long-term solution.
- The Applicants informed the ACCC that the planning has now progressed to an advanced stage and is being presented to the Coal Chain Board in the next two weeks. After this a working group will be formed. They are now looking at May as a completion date of the detailed implementation plan, as opposed to the originally submitted timeframe of 31 March. They made a note of their attempts to get the participants' CEOs more involved to help prioritise the process.

- The Applicants expressed an interest in gaining the ACCC's guidance on the elements to be included in the long-term solution. They articulated concern that without this guidance, the solution may leave out elements the ACCC considers crucial and necessary for authorisation to be granted.
- The Applicants then went on to outline the 6 key areas they consider the long-term solution needs to address:
  1. *Scope of the Coal Chain* – including interaction with Hay Point Coal Terminal
  2. *Contractual Alignment*
  3. *Master Planning* – where the most efficient investment will be made and aligning it between track, rail and port infrastructure
  4. *Governance* – numerous elements including governments, coal chain board, etc.
  5. *Supply Chain Pricing Principles* – getting correct market incentives in place
  6. *Assessing Coal Chain Capacity* – as a whole, including the reference tonne concept
- Mr Reynolds informed the ACCC of the meeting they had with Queensland Competition Authority on 26 January. He stated the BBI (Babcock and Brown Infrastructure Group) access undertaking includes a lot of the Coal Chain Principles<sup>1</sup>, whereas the proposed QR National undertaking did not at this stage.

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<sup>1</sup> Supporting Submission to applications for authorisation A91107 - A91109, 14 November 2008