

WICET applications for authorisation A91241

Record of meeting with QR Network 26 July 2010

ACCC:	David Hatfield - Adjudication Branch Sarah Sheppard and Anthony Wing – Transport Branch
QR Network:	Harry Simson – General Manager Business Development Dean Gannaway – Director Regulation and Policy
Location:	ACCC Brisbane Office
Time:	10:30-11:30

The ACCC requested a meeting with QR Network to discuss the collective bargaining application lodged by WICET coal producers, including the request for interim authorisation.

QR Network advised that it intends to lodge a submission in response to the applications, in which it will set out its views in detail.

The following points were discussed:

- QR Network is broadly supportive of the application, including the request for interim authorisation, subject to 4 issues being resolved:
 - any authorisation should be restricted to rail transport infrastructure owned and controlled by QR Network (and covered by the scope of its Access Undertaking) – and explicitly not extend to above rail services
 - when collectively negotiating for each proposed stage of the Wiggins Island terminal, only those coal producers with rights to capacity at the relevant stage of the Terminal should be present
 - the duration of authorisation should be tied to the collective negotiation rather than the length of any subsequent agreements – such that the parties would have authorisation for a series of collective negotiations for each stage of the Terminal as required over time
 - the authorisation should not extend to negotiations relating to expansions that cost less than \$300m in total – as the mechanisms for access to and the terms and conditions of capacity from such expansions are already dealt with under QR Network’s access undertaking with the Queensland Competition Authority.
- QR Network is working closely with WICET on the basis with which capacity is determined and contracted to ensure rail access is properly aligned. QR Network considers the parties are incentivised to reach contractual alignment regardless of the proposed collective bargaining and does not see how it would have any impact on that process.
- QR Network sees the primary public benefit arising from collective bargaining to be transaction cost savings from negotiating with the Stage 1 producers in a

single process. This is likely to save significant amounts of time compared to six or so separate negotiations with QR Network having to go back to each party over and over as it tries to reach a consensus on key common elements.

- Negotiations between individual WICET stage 1 producers and QR Network for rail access are underway now – so interim authorisation would accelerate the current process.