



**RioTinto**

Rio Tinto Aluminium Limited  
123 Albert Street  
Brisbane Queensland 4000  
Australia  
T +61 (0) 7 3625 3000  
F +61 (0) 7 3625 3001

6 April 2018

Australian Competition & Consumer Commission  
23 Marcus Clarke Street  
Canberra, ACT 2601

**Attention: Mr. David Hatfield, Director Adjudication**

**By email :** [adjudication@accc.gov.au](mailto:adjudication@accc.gov.au)

Dear Sir,

**N10000453 – Gladstone Ports Corporation Ltd - Submission**

We refer to the above, and make the following submission for consideration by the ACCC.

Rio Tinto has significant operations relevant to the Gladstone Ports Corporation (GPC) including the Yarwun alumina refinery (Rio Tinto 100%) and Queensland Alumina Limited alumina refinery (QAL) (Rio Tinto 80%); these operations being major users of the services provided under the existing and previous towage licences, and significant contributors to the economy over an extended period of time. In 2017 these operations engaged contract towage to assist in 526 port movements at a cost of \$3.3 Million.

Port costs are a major input into the overall ocean freight relevant to both the Yarwun and QAL operations. Both refineries have undertaken significant business transformation in recent years to remain globally competitive, and a strong focus is required going forward on both inward costs as well as increases in efficiencies at every level, including freight costs. Both the Yarwun and QAL refineries depend on reliable, cost-efficient tug services to support ongoing operations, and any market structures that compromise the ability of the operations to obtain such services may jeopardise their long term future.

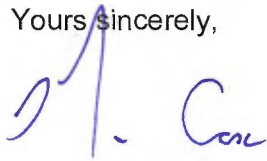
Our operations have long relationships with GPC and our respective representatives have held a number of constructive discussions on this matter. During these meetings, our

representatives have noted the need to ensure that port users' interests are appropriately protected in the proposed exclusive licence holder arrangements for towage services.

We have no objection to the proposed arrangements on the basis that appropriate governance apply to the tender process, including consultation with all significant port users, and safeguard mechanisms be included to protect the legitimate interests of all port users. This includes ensuring that sound performance measures are part of the contractual arrangements, so that port users have sufficient comfort that the most cost effective, efficient and best practice service provision be delivered, and port users do not suffer detriment as a consequence of a monopoly service provision.

We will continue our collaborative and constructive engagement with GPC around these issues, and would be happy to discuss any aspect further with the ACCC.

Yours sincerely,



**Bruce Cox**

Managing Director, Pacific Operations

Rio Tinto Aluminium

Copy:

Peter Mannion, Rio Tinto Marine

Mike Dunstan, Queensland Alumina Limited