

## Export Coal Producers Executive

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Mr Tas Luttrell  
Principle Research Officer  
House of Representatives  
Standing Committee on Transport and Regional Services  
Parliament House  
Canberra ACT 2600

Dear Tas

This submission to the House of Representatives Standing Committee on Transport and Regional Services "*Inquiry into integration of regional rail and road networks and their interface with ports*" is made on behalf of the Export Coal Producers Executive (ECPE) that includes all the companies who currently export coal from Gladstone.

Each Australian export coal delivery systems is different. There are major differences in coal types, the number and ownership of the mines, rail and port management. Some coal terminals are designed to stockpile up to 10% of annual capacity at the port, others as low as 2%, commonly know as cargo assembly ports. Initiatives to improve the integration of regional rail and road freight transport need to be custom-built for the particular coal delivery system. Capacity planning is an issue common to all systems; however, the method of developing capacity plans will be system dependent. This can be is illustrated by reference to the Gladstone Coal Deliver System.

The Gladstone Coal Deliver System has two rail networks, one predominantly electric, and the other diesel. There is a regulated monopoly below rail service provider QR Network Access (QRNA) and the haulage of coal is open to competition; however, QR National is currently the only operator. There are two coal terminals operated by the Central Queensland Port Authority (CQPA), a Queensland Government Owned Corporation. The R.G.Tanna coal terminal (RGTCT), which handles over 85% of the coal exported from Gladstone, has a stockyard capacity of approximately 10% of annual throughput, whereas the Barney Point Coal Terminal (BPCT) is a cargo assembly terminal. Whilst the rail cargo is predominantly coal, passenger and freight trains are given priority over coal trains.

It is generally accepted that the most efficient heavy haul rail systems are those where the mine, rail and port are owned and operated by a single operator. The Gladstone Coal Delivery System has eleven mines, eight coal companies, two rail companies and one coal terminal operator who is responsible for both the Port of Gladstone and Port Alma. There are four domestic coal consumers and numerous foreign coal consumers. Achieving system efficiency under this management structure is only possible if all parties have sufficient trust in the system to cooperate.

Cooperation between the parties has improved significantly under the guidance of ECPE, QR and CQPA. There is an Advisory Group with representatives from all parties that has focused on system efficiency and cost reduction, and has delivered considerable benefits. This group and other associated working groups have kept all parties informed and helped to develop trust between all parties. Any changes should be directed to the continued development of this trust and cooperation. This trust and cooperation is only possible if participants feel that there is transparent sharing of knowledge. If participants perceive information asymmetry then cooperation is unlikely and system efficiency will suffer.

Developing and maintaining trust requires:

- i. open channels of communication between all parties;
- ii. transparent sharing of forecast tonnages to be handled; and
- iii. published plans of the capital works to meet the forecast tonnages.

Capacity planning needs to be based on forecasts of production that are provided to an organisation responsible for publishing these forecasts. In the Gladstone Coal Delivery System, this can be achieved if the monopoly services providers; QRNA and CQPA, publish rolling ten year plans of capacity expansion based on agreed expected and optimistic export tonnage scenarios. This requires close cooperation between coal shippers, other users, QR and CQPA. While this procedure has operated informally in the past, these arrangements should be formalised so that QRNA and CQPA are required to annually publish ten year expected and optimistic tonnage forecasts and the schedule and cost of works, including shipping channels, to provide for these forecast tonnages.

Another issue important to Gladstone is the management of the shipping channel. Coal ships and other shipping at Gladstone must traverse a 28 kilometre channel, deepening of which was funded mostly by the coal companies. This channel requires ongoing maintenance. The cost of such maintenance should be shared by all port users and shipping paths allocated on an agreed fair and transparent method. CQPA has been responsible for allocating shipping paths and there has been little conflict. With increasing usage of the channel, CQPA, in collaboration with all users, needs to develop protocols for allocating paths at the earliest opportunity.

Sincerely,

Ian McCauley  
Chairman ECPE