

NEW SOUTH WALES MINERALS COUNCIL LTD

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16 January 2009

Mr James P Cox
Chief Executive Officer
Independent Pricing and Regulatory Tribunal of NSW
PO Box Q290
QVB Post Office NSW 1230

Dear Mr Cox

**2009 IPART Review of NSW Rail Access Undertaking
Rate of Return and Remaining Mine Life Relating to the Hunter Valley Coal Network**

The NSW Minerals Council (NSWMC) is writing to you on behalf of the Hunter Rail Access Task Force (HRATF), an associated group comprising all 14 Hunter Valley Coal Producers using the Hunter Valley coal rail network. The Hunter coal producers have asked the NSWMC to make a submission to IPART in relation to the above Review.

The submission to IPART by Australian Rail Track Corporation (ARTC) in relation to the review proposes a substantial increase in the Rate of Return and a substantial reduction in the Remaining Mine Life, which would result in a significant financial impact on Hunter coal producers if approved. As such, the NSWMC will make a detailed submission regarding this matter and asks that IPART address the following issues to assist us with this task.

Firstly, considering the timing and duration of the IPART consultation period, the NSWMC advises that while it will do its best to meet the 30 January date, it most likely will need additional time to access the required data, obtain consultants' reports, prepare a detailed submission, and review that submission with the 14 Hunter coal producers prior to submitting it to IPART.

Secondly, the ARTC submission is based on forecasts of coal railings and ARTC investments in additional capacity from ARTC's Hunter Valley Corridor Capacity Strategy (2008-2018), and from the Hunter Valley Coal Chain Logistics Team, which are not detailed in the submission and have not been made available elsewhere to the Hunter coal producers to review. These forecasts are key to the consideration of the Rate of Return and Remaining Mine Life issues.

NSWMC therefore requests that IPART direct ARTC to provide, as soon as possible, details of these forecasts for consideration by IPART and stakeholders, including:

- total export coal railings and total domestic coal railings (in Mtpa);
- total expenditure on new investment projects (in \$Mpa) and the resultant total rail access capacity (in Mtpa of deliverable Coal Chain tonnes); and
- an estimate of the impact on average access charges of the Rate of Return and Remaining Mine Life changes (in \$/tonne)

for each year of the regulatory period (i.e. from 2008-09 to 2013-14) and beyond for each of ARTC's three Hunter Valley network segments

- Newcastle Port Terminals to Muswellbrook
- Muswellbrook to Ulan
- Muswellbrook to the Gap (Werris Creek).

Thirdly, ARTC's submission and IPART's Fact Sheet refer to ARTC's application to vary the NSW Rail Access Undertaking in order to vary the Rate of Return to be applied from 1 July 2008.

NSWMC has been informally advised by ARTC that it no longer intends to pursue a variation of the Rate of Return to apply from 1 July 2008 and asks that IPART confirm with ARTC that this is the case.



If you require any further information on these matters, please contact Mr Geoff Andrews, HRATF, on (02) 9386 9957 or an53696@bigpond.net.au

Yours sincerely



Dr Nicole B Williams
CHIEF EXECUTIVE OFFICER

CC: Mr Peter O'Grady
Chair, Hunter Rail Access Task Force

