



22 December 2015

John Hindmarsh  
Chief Executive Officer  
Queensland Competition Authority  
Level 27  
145 Ann Street  
BRISBANE Q 4000

Dear Sir,

**SUBMISSION ON QCA'S 2015 DRAFT DECISION ON QUEENSLAND RAIL'S 2015  
DRAFT ACCESS UNDERTAKING ("2015 DAU")**

Thank-you for this opportunity to provide a submission on the QCA's Draft Decision on Queensland Rail's 2015 Draft Access Undertaking ("2015 DAU").

The development of a new undertaking for Queensland Rail (QR) has been costly and time consuming, and the resulting lack of regulatory certainty has caused a loss of confidence in the long term future of the Western System. In order to make long term investments certainty is required. Participants must not be allowed to game the system, create uncertainty and benefit accordingly. New Hope Corporation (NHC) supports the QCA in its continued diligence and effort in this task.

NHC welcomes the inclusion of an adjustment amount and considers that this rectification of the over recovery of revenue by QR in the last regulatory period will go some way to restoring regulatory certainty and confidence in the Western System.

NHC also supports much of the methodology now proposed by the QCA in developing reference tariffs for the West Moreton system. However, there remain two significant concerns with this aspect of the Draft Decision, the underlying tariffs (proposed by QCA) remain excessive, placing Western System users in a materially less competitive position than other thermal coal producers, and the proposed Adjustment Amount has not been calculated appropriately.

The issue of affordability and the lack of competitiveness has to date been given insufficient weight. This may be the QCA's last opportunity to prevent adverse outcomes which will not be able to be averted during the regulatory period. The reference tariff must be set at a level which remains competitive comparative to other below rail access regimes, ensuring that this is not a barrier to expansion and/or new entry on the system. Any other result, is so clearly inconsistent with the majority of the factors in section 138(2) of the QCA Act (including the object of Part 5 of the QCA Act, the public interest, the interest of access seekers and other issues the QCA has identified as relevant such

as the interests of access holders and end users, and the undesirability of awarding windfall gains and monopoly profits) that it is clearly not justifiable by reference to the remaining factors.

NHC considers that QR's 2015 DAU is not appropriate (as it relates to each of the Reference Tariffs, Standard Access Agreement terms and body of the 2015 DAU) having regard to each of the matters set out in section 138(2) of the QCA Act. NHC's reasons for this assessment are outlined in its four volume submission, the first of which contains an overview of the other three volumes.

Thank-you for your consideration of our submission.

Yours faithfully,  
**NEW HOPE CORPORATION LIMITED**

**Sam Fisher**  
General Manager Marketing & Logistics