

25th August 2023

Mr George Passmore
Queensland Competition Authority
(Submitted via QCA Online Submission Form)

RE: Review of the appointment of the independent expert

The Queensland Resources Council ("**QRC**"), on behalf of the QRC's Rail Working Group, welcomes the opportunity to provide input to the QCA's Review of the appointment of the Coal Network Capacity Company ("**CNCC**") as the Independent Expert ("**IE**").

CNCC background:

The CNCC was established in 2020 by Aurizon Network and twelve Central Queensland coal producers, who entered into a Shareholders Deed and established the Constitution of the company. The CNCC was established for the purpose of carrying out the role of IE under UT5. The Shareholders Deed sets out, among other things:

- Criteria for eligibility to become, or remain, a shareholder, with this right being open to all CQCN End Users, Railway Operators and Port Operators.
- Processes for appointing directors to the board, which includes a number of directors appointed by Aurizon Network, a number appointed by coal shareholders, and an independent director (with the independent director acting as Chair).
- Processes for appointment and removal of the Chief Executive Officer.
- Processes for budgeting and funding of the entity.

CNCC activities to date:

Key activities of the CNCC to date have included securing staff and other resources, developing capacity models for the Central Queensland Coal Network, assessing the capacity of each system, recommending transitional arrangements to address capacity deficits, assessing rebates and developing reports. The establishment of systems and processes to carry out these functions is a complex and challenging task. The IE can only succeed if it is an organisation of integrity and independence. In our view, the CNCC acts with integrity and independence, and is respected throughout the coal chain.

Continuation of the CNCC as IE:

The QRC's Rail Working Group considers that the CNCC has made good progress in developing systems and processes to perform the function of IE. While improvements are still necessary in a range of areas, we are more than satisfied that the CNCC is working to address these with Aurizon Network. In this regard (and acknowledging the unique position that the CNCC holds), we would encourage the CNCC to identify areas where it considers capacity can be increased, or utilisation of existing coal chain capacity can be increased. To the extent that CQCN stakeholders were dissatisfied with any aspect of the CNCC's performance in the future, we consider that these issues should be addressed through the CNCC's governance framework, rather than by seeking to shift the IE role to an alternative entity (which we would regard as a significant retrograde step). We therefore strongly support the continuation of the CNCC in the role of IE for the remaining term of UT5.

Lastly, we wanted to take the opportunity to publicly thank the CNCC staff for their significant efforts to date.

Thank you for the opportunity to provide this submission.

Yours sincerely


Andrew Barger

Queensland Resources Council