



Charles Millstead
Chief Executive Officer
Queensland Competition Authority
Level 27, 145 Ann St
Brisbane, Qld 4000

Online submission

Draft Recommendation on Application for Declaration of Coal Handling Services provided by the North Queensland Coal Export Terminal

12 June 2026

Dear Charles

Aurizon Network welcomes the opportunity to comment on the Queensland Competition Authority's (QCA) draft recommendation (**the Draft Recommendation**) to not declare the coal handling services provided by the North Queensland Coal Export Terminal (NQXT) at Abbot Point (**the Nominated Service**).

The application for declaration of the Nominated Service was made by QCoal Pty Ltd and Byerwen Coal Pty Ltd under Part 5 of the *Queensland Competition Authority Act 1997 (Qld) (QCA Act)*.

Aurizon Network agrees with the QCA's draft recommendation in respect of criterion (c) and criterion (a), based on the market definition contained in the Draft Recommendation. Accordingly, in the absence of further compelling submissions from other parties on the satisfaction of those criteria, Aurizon Network agrees that the QCA is likely correct to conclude that declaration cannot be recommended to the Minister.

At the same time, Aurizon Network respectfully disagrees with the QCA's view on criterion (b) relating to the composition of total foreseeable demand. In that regard, Aurizon Network makes this submission on the basis that it has direct knowledge of the matters relevant to that issue, and so that the QCA may consider Aurizon Network's views together with submissions from other interested parties on that issue and the other declaration criteria.

In addition, the QCA has also requested views from stakeholders on whether the Nominated Service is a candidate service for declaration as a private monopoly business activity under Part 3 of the QCA Act. Aurizon Network supports the approach suggested by the QCA.

In summary, Aurizon Network's submission is that:

- › the relevant market for criterion (b) should include all foreseeable Goonyella System demand unable to obtain capacity at Dalrymple Bay Terminal (**DBT**), not only existing Goonyella NQXT users;

- › price monitoring is a conventional regulatory response for privately owned infrastructure with monopoly characteristics; and
- › on the QCA's own reasoning, the Draft Recommendation likely supports declaration of the service as a private monopoly business activity under Part 3 of the QCA Act.

Criterion (b) Market Definition

The Draft Recommendation defines foreseeable demand too narrowly. It includes mines directly connected to the Newlands System, the GAPE System or the Carmichael rail line, and only those Goonyella mines that have already used NQXT when DBT capacity was unavailable.

Aurizon Network considers that the QCA's assessment of foreseeable demand from current Goonyella NQXT users is unduly narrow because it does not address potential demand from any mine, or prospective mine, in the Goonyella System that is unable to secure capacity at DBT.

As the QCA acknowledges, and as Dalrymple Bay Infrastructure (the owner of DBT) affirmed as recently as 5 May 2026¹, there is approximately 31 mtpa of demand in the DBT access queue. It is therefore unclear why the QCA would adopt a market definition limited to existing Goonyella NQXT users when there is currently no available capacity at DBT for that demand. That queue exceeds the assumed 14 mtpa 8X expansion of DBT, and the Draft Recommendation does not include a detailed assessment of it.

In determining the market, the QCA has relied primarily on the small but significant and non-transitory increase in price (SSNIP) test. This test is applied on the premise that 'CEG's estimate of the incremental cost of additional capacity at DBT of \$15.95 per tonne will overstate the price that customers pay if the cost of the 8X expansion is socialised, consistent with QCA's 2021 price ruling (**the Ruling**)². The underlying presumption of the applied market definition is that the relevant price for demand that currently cannot access DBCT is the socialised price of the 8x expansion, rather than the negotiated price³ and any associated costs of expanding the Goonyella System.

While the QCA concluded as part of the foundation for the Ruling that it was appropriate to socialise the 8X expansion cost among all users of DBT, the QCA also acknowledged that the Ruling itself was not an assessment of whether 8X represents a prudent expansion⁴:

We are required to undertake an assessment of the prudence of expansion costs, having regard to the scope of the works undertaken, among other things. A ruling as to the appropriate pricing method to apply to the proposed 8X expansion does not equate to the acceptance of the 8X capital expenditure for future TIC negotiations.

¹ DBI (2026) ASX Announcement: Investor Presentation - 2026 Macquarie Australia Conference, 5 May.

² Queensland Competition Authority (2026) Draft Recommendation. North Queensland Export Terminal declaration review, March, p. 28

³ DBI (2026) ASX Announcement: Investor Presentation - 2026 Macquarie Australia Conference, 5 May. p.7

⁴ Queensland Competition Authority (2021) Determination: DBIM's application for a price ruling—the 8X expansion, November, p. 44

Similarly, a ruling made under Division 7A of the QCA Act may not apply where it relies on a relevant assumption and the event or matter to which the assumption relates has not occurred as assumed, or where the circumstances are materially different from those considered in the Ruling⁵.

Given the Ruling's reliance on the materiality of the benefits to other terminal users from the original proposed scope, it is not clear whether the change in scope, and its relationship with avoided NECAP, provides commensurate benefits or that the proposed expansion would reflect the least cost approach to meeting that demand.

In other words, the Ruling did not decide that the 8X Expansion as originally proposed was prudent and would therefore be likely to proceed in that form. Additionally, the key assumptions underpinning that Ruling may no longer hold true given the revised scope of the project, should 8X proceed at all. There is of course the real prospect that 8X will not proceed. These facts draw into question whether it is appropriate to define the market based on the demand considered relevant in the Draft Determination.

Aurizon Network considers there is a reasonable prospect that the capacity of DBT will be constrained to its current nameplate capacity of 85 mtpa, and that therefore, the QCA should evaluate criterion (b) using a market definition for NQXT that includes all foreseeable demand from the Goonyella System which is unable to obtain access to DBT, not just foreseeable demand from those users who currently utilise NQXT.

The market definition is not consistent with the Object of the QCA Act.

In assessing the relativity of below rail charges, the Draft Recommendation has applied the QCA approved below rail tariffs for Financial Year 2026 (**FY2026**). Aurizon Network does not consider that this represents the below rail prices that would prevail over the relevant 10-year period for the foreseeable demand because it:

- › does not account for the expected substantive reduction in the GAPE Allowable Revenue; and
- › assumes it would be prudent and efficient to expand the Goonyella System with a subsequent reduction in demand for NQXT from Goonyella mines.

GAPE Allowable Revenue

Aurizon Network's Allowable Revenue for the GAPE System in FY2026, as approved in the Annual Review of Reference Tariffs was \$160 million. The FY2026 demand forecast of 17.4 mtpa therefore obtains a simple average GAPE price of \$9.19 /nt.

Table 1 shows the projected Allowable Revenue for the GAPE System as submitted in the 2025 UT5 Draft Amending Access Undertaking. Assuming forecast demand for GAPE services consistent with the FY2026 forecast of 17.4 mtpa yields an average cost of **\$6.71 /nt** over the first reset period.

⁵ Section 150k(2) of the Queensland Competition Authority Act 1997

Table 1. Indicative GAPE Allowable Revenue

	FY28	FY29	FY30	FY31	FY32
Allowable Revenue (\$millions) ⁶	112.9	116.0	117.6	119.6	119.0
\$/nt (@ 17.4 mtpa)	6.49	6.67	6.75	6.83	6.84

Efficient expansion of the CQCEN

The prudent and efficient expansion of the Goonyella System must have regard to whether that expansion is also a prudent and efficient expansion of the CQCEN. Aurizon Network does not consider that the object of the Part 5 access regime in the QCA Act is to promote contestability between parts of the declared service. Rather, it is intended to promote the economically efficient operation of, use of and investment in significant infrastructure by which services are provided, thereby promoting effective competition in upstream and downstream markets. That object does not extend to promoting competition within the below rail market once the QCA has determined that total foreseeable demand in that market can be met by the CQCEN. In that context, the relevant facility for assessing the efficient operation of, use of and investment in rail infrastructure, is the CQCEN.

Aurizon Network therefore considers the Draft Recommendation has not assessed the extent to which DBT 8X is feasible if expansion of the Goonyella System is inconsistent with:

- › the object of the Access Regime in s.69e;
- › Aurizon Network's legitimate business interests to recover its investment in rail infrastructure; and
- › the public interest of maximising the utilisation of existing port and rail facilities.

In summary, all of the factors set out above are supportive of a different analysis to that adopted in the Draft Recommendation in respect of criterion (b). Aurizon Network submits that when considering the market for the coal handling services provided by NQXT, the QCA's final recommendation should evaluate the counterfactual scenario where DBT remains constrained at 85 mtpa and that consequently total foreseeable demand should include all foreseeable demand in the Northern Bowen Basin that is unable to obtain access to DBT.

Price Monitoring of Monopoly Business Activities

The Draft Recommendation for the Nominated Service refers to the option of the Minister declaring NQXT as a private monopoly business activity under Part 3 of the QCA Act to make it subject to monopoly prices oversight, as an alternative to declaration. The QCA has requested submissions from stakeholders as to whether a more 'light-handed' form of regulation, such as prices oversight, could provide a public benefit in these circumstances.

⁶ [aurizon-networks-2025-ut5-daau-supporting-submission-redacted.pdf](#), page 33, table 4-4

Aurizon Network supports the application of Part 3 of the QCA Act to the Nominated Service on the following grounds:

- › while not all of the necessary criteria for declaration are satisfied, there are reasonable grounds for the exercise of price monitoring powers under the QCA Act;
- › the operator of the NQXT is part of a vertically integrated group of companies, some of which directly compete with other current and potential future users of NQXT's services in various markets;
- › access to NQXT services on reasonable and transparent pricing is clearly a material issue for the parties that compete with companies in the vertically integrated group;
- › access to NQXT services on reasonable and transparent pricing would promote efficient utilisation of the CQCN; and
- › in the absence of declaration and a consequential (likely) access undertaking with ringfencing and other protections that can be afforded to NQXT users, the application of price monitoring would appear to be a reasonable and useful form of light-touch regulation that would benefit stakeholders.

The Draft Recommendation for the Nominated Service does not identify that NQXT is subject to any form of oversight under its lease arrangements with the Queensland Government. Consequently, an information disclosure/reporting regime or price monitoring regime such as that under Part 3 of the QCA Act, may, at a minimum, be necessary to

- › reduce information asymmetries;
- › improve confidence to below rail access seekers of the reasonableness of the terms of conditions of access to NQXT; and
- › assess whether other forms of regulatory intervention might be necessary.

There are numerous examples of where privately owned infrastructure that possesses monopoly characteristics has been made subject to regulatory oversight, through either:

- › the contractual or lease arrangements put in place at the time of privatisation of government monopoly businesses; or
- › information disclosure regimes; or
- › formal price monitoring arrangements.

These forms of oversight are typically applied in the following industry sectors:

1. Airports

Australia's major airports of Brisbane, Sydney, Melbourne and Perth are subject to monitoring of the prices, costs and profits related to the supply of aeronautical services by the ACCC pursuant to section 95ZF of the *Competition and Consumer Act 2010*.

Various second-tier airports with no significant market power are also subject to a voluntary monitoring regime. Aurizon Network notes that while the Productivity Commission's 2019 review of the economic regulation of airports recommended the voluntary monitoring regime cease, this recommendation was not accepted in the Government response to the inquiry report noting⁷:

⁷ Australian Government (2019) Australian Government response to the Productivity Commission Inquiry into the Economic Regulation of Airports, 11 December, p. 9.

In the interest of providing transparency, information of interest to their customers and to assist the airports to monitor and address the expectations of their customers, the Australian Government supports ongoing self-administered price and quality of service monitoring for second-tier airports as established by voluntary agreement by airport lessee companies.

2. Container Stevedoring

Notwithstanding that most major ports include two or more stevedores and compete for volumes from shipping lines, the providers of container stevedoring services in Adelaide, Brisbane, Burnie (when operational), Fremantle, Melbourne and Sydney are subject to monitoring by the ACCC which tracks prices, costs and profits.

3. Light Regulation Gas Pipelines

Light regulation gas pipelines that are not subject to price regulation by the AER through the approval of an access arrangement are subject to financial reporting and information disclosure requirements under Part 10 of the National Gas Rules. This reporting must comply with the Financial Reporting Guideline for Light Regulation Pipeline Services⁸ developed and published by the AER.

In reviewing the reporting arrangements for light regulation pipelines the Australian Energy Market Commission⁹ also considers:

that requiring financial and offer information disclosure for light regulation pipelines should enable users and prospective users to negotiate prices, terms and conditions on an informed basis, mitigating potential monopoly power and leading to better prices flowing through to consumers, consistent with achieving the NGO.

4. Ports

Aurizon Network has identified the following port price monitoring regimes:

- › The Port of Melbourne, is subject to monitoring by the Essential Services Commission of Victoria to ensure compliance with the Pricing Order made under section 49A of the Port Management Act 1995; and
- › The essential maritime services provided by Flinders Ports is subject to formal price monitoring by the Essential Services Commission of South Australia under the Essential Services Commission Act (2002).

The economic regulation of Queensland ports was previously reviewed in December 2007 as part of the obligations under the 2006 Competition and Infrastructure Reform Agreement. The review¹⁰ concluded that there was little evidence of misuse of market power warranting regulatory intervention but noted:

⁸ Australian Energy Regulator (2019) Financial Reporting Guideline for Light Regulation Pipeline Services, October. Available at <https://www.aer.gov.au/system/files/AER%20-%20Final%20-%20Light%20regulation%20-%20Financial%20reporting%20guideline%20-%2031%20October%202019.PDF>

⁹ Australian Energy Market Commission (2019) Rule Determination. National gas amendment (regulation of covered pipelines) rule 2019, 14 March, p. 110.

¹⁰ Queensland Transport (2007) Final Report. Review of Current Port Competition and Regulation in Queensland, December, p. 2.

Price monitoring will allow the QCA to collect pricing related data where a monopoly business may have scope to exercise market power but where more intrusive regulation (i.e. full pricing investigation) is not considered warranted.

The findings and conclusions from this review are not instructive as there has been a material change in circumstances in respect of the Nominated Service. At the time of the 2007 review:

- › It was a government owned corporation;
- › The terminal operations were independent of terminal ownership; and
- › It was not vertically integrated in upstream or downstream markets.

Nevertheless, the report is supportive of price monitoring where there is scope to exercise market power.

The declaration criteria under Part 3 of the QCA Act are likely satisfied by the Draft Recommendation

The QCA has established criteria¹¹ for the identification of non-government monopoly business activities which considers whether the business has market power and the extent to which that market power is constrained by competition in the market.

Aurizon Network considers that those criteria are likely to be satisfied based on the conclusions expressed in the Draft Recommendation. First, the relevant business activity is the provision of coal handling services by means of a facility as defined in section 70 of the QCA Act. Secondly, the QCA has determined that the facility can satisfy demand from northern miners at least cost and is therefore a monopoly in respect of that narrow market. The primary consideration in the QCA's criteria is whether the commercial behaviour of NQXT would be constrained by competitive pressures. The QCA considers that this depends on whether there is evidence of:

- › vigorous competition; or
- › barriers to entry.

The extent of competition between NQXT and DBT is dependent on the availability of capacity at both terminals at, or around, the time an access seeker is seeking to procure long term capacity rights. While there may be some competition for uncontracted spot services from time to time, this is unlikely to materially influence longer-term terminal prices, revenues or profits. As vigorous competition is dependent on available capacity at both ports or the ability to expand the facility to provide that sought capacity in a reasonable timeframe, it is unlikely that there is vigorous competition between DBT and NQXT given the long-term nature of infrastructure contracts. Similarly, to the extent there were low barriers to entry, then the QCA would have found the Nominated Service does not satisfy criteria (b) of section 76(2).

In summary, based on the QCA's Draft Recommendation for the Nominated Service, that service is likely to satisfy the QCA's criteria for identification of a non-government monopoly business activity.

¹¹ Queensland Competition Authority (2008) Criteria for the Identification of Non-Government Monopoly Business Activities, November. Available at <https://www.qca.org.au/wp-content/uploads/2019/06/ci-nongovmonbusact-qca-finalcriteria-1208.pdf>

Aurizon Network also considers that price monitoring under Part 3 would provide overall net public benefits. While the Draft Recommendation concludes that declaration of the nominated service would not satisfy the criterion (d) as the costs of regulation would outweigh the benefits, the costs associated with price monitoring are not onerous and do not affect investment incentives. Price monitoring would partially address the QCA's following concern¹²:

In the absence of declaration, third party access seekers are therefore at a disadvantage in the negotiation process, with limited visibility over key matters relevant to the determination of appropriate access charges (particularly cost, price and demand information), limited countervailing market power to influence negotiations.

This concern is comparable to the policy objectives that support the application of price monitoring and information disclosure to monopoly infrastructure discussed above. To the extent price monitoring acts as a constraint on the exercise of market power, then this would promote demand for GAPE services and the Nominated Service, and consequently, the development of tenements in the Goonyella System that cannot obtain access to DBT.

The QCA also states¹³:

we also consider there may be a public interest in restraining the exercise of market power in the market for the service, including where it impacts allocative efficiency.

As discussed earlier in this submission, allocative efficiency will be maximised where existing infrastructure is fully utilised before expanding the CQCN. In addition, as access prices need to satisfy the requirements of the pricing principles in section 168A of the QCA Act, regulated tariffs will be lower where utilisation is increased. Therefore, the public interest is advanced by establishing a credible monitoring and oversight regime which increases confidence in obtaining access to NQXT on fair and reasonable terms.

Lastly, Aurizon Network also considers that where NQXT is motivated or incentivised to promote demand for its own services, then it could be reasonably expected to voluntarily commit to prices oversight and information disclosure requirements.

Aurizon Network looks forward to assisting the QCA in completing its assessment of the application for declaration of the Nominated Service. Aurizon Network acknowledges that the QCA intends to provide an opportunity for parties to make subsequent submissions following publication of the submissions received in response to the Draft Recommendation.

Should the QCA have any queries in relation to the material provided in this submission please contact Jon Windle.

Kind regards,



Dan Kearney
Head of Finance and Regulation
Aurizon Network

¹² Queensland Competition Authority (2026) Draft Recommendation. North Queensland Export Terminal declaration review, March, p. 65

¹³ Ibid, p. 97