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By email

Mr Matthew Schroder
General Manager
Infrastructure & Transport – Access & Pricing Branch
Australian Competition and Consumer Commission
GPO Box 520
Melbourne VIC 3001

Dear Mr Schroder,

I write in reference to the Consultation Paper prepared by the Australian Competition & Consumer Commission (ACCC) dated 8 January 2016, requesting submissions from stakeholders as part of the assessment of the access undertaking submitted by the Australian Rail Track Corporation (ARTC) on 23 December 2015.

The Bloomfield Group (Bloomfield) wishes to confirm interest in participating in the consultation process and is appreciative of this opportunity. Bloomfield has been an active participant as a member of the Hunter Rail Access Taskforce (HRATF) during the negotiation process in the lead-up to ARTC's submission to the ACCC and also in the preparation of the HRATF submission to the ACCC.

About The Bloomfield Group

The Bloomfield Group is a fourth generation family owned mining company which started operations in the coalfields of the Maitland district in 1937. During this time, Bloomfield has seen many coal companies change ownership, has been part of the growth of coal exporting and was one of the earliest Australian companies to sell coal to post-war Japan, laying the foundations for rewarding business relationships which continue today.

Bloomfield operates the Bloomfield Mine at East Maitland and Rix's Creek Mine at Singleton which produce a combined two million tonnes of saleable coal annually, being a mix of thermal and semi soft coking coal for export through the Port of Newcastle.

In December 2015, Bloomfield purchased the Integra Open Cut Mine, Coal Handling Preparation Plant, Rail Loop and Rail Load-out facilities from Vale Australia, thus increasing the saleable production capacity of the group.

The Group employs around 500 people across a range of mining and engineering businesses which include Bloomfield Colliery, Rix's Creek Mine, Rix's Creek North (formerly Integra), Four Mile Engineering and Kings Engineering.

The Bloomfield Group's Submission

As stated above, Bloomfield has been an active member of the HRATF during the consultation process and as such supports the submission provided to you by HRATF across a range of key issues. For good order, Bloomfield specifically supports the HRATF submission on the following;

- Term
- Minor variation process
- Access Pricing Principles and the calculation of the remaining weighted average mine life
- Rate of Return
- Capacity Management
- Capacity Investment Framework and RCG
- User Funding Option
- Performance Measurement and Incentives
- True Up Test /Liability Regime
- Indicative Access Holder Agreement/Operator Sub-Agreement
- Potential Privatisation

Potential Privatisation of ARTC

Bloomfield would also like to take this opportunity to comment on the potential privatisation of ARTC as a result of the current scoping study being undertaken by the Federal Government into options for the future ownership of ARTC.

The scoping study is one of great interest to Bloomfield Collieries. There is a degree of uncertainty surrounding the regulatory framework for the Hunter Valley coal rail network in the possible ARTC privatisation process.

Bloomfield strongly shares the view of the ACCC and supports the position of the HRATF in respect that any privatisation process needs to appropriately address regulatory arrangements governing access and monopoly pricing.

The Hunter rail network is in a unique position being a monopoly provider of rail services to the coal industry and as such, the regulations which govern the rates which a future private operator may charge for use of the network, needs to be carefully crafted so that they cover the wide range of activities which are contemplated.

We are a committed user of the rail network and our ongoing operations are dependent on that network operating efficiently and economically in all circumstances.

Bloomfield believe the privatisation process works best where there is no ambiguity over the operation and pricing of the service in the future.

We believe the regime that has been in place since 2011 has generally worked well for all parties and that it is crucial the 2016 HVAU and future Access Undertakings are binding in any future ownership model with the need for the Commonwealth (or the NSW state government) to provide greater ongoing regulatory certainty for stakeholders in the Hunter Valley coal industry.

Rail Capacity Group (RCG) Membership

Bloomfield submitted a letter to ARTC during the consultation process for the development of the 2016 HVAU to express its position on membership of the RCG. Bloomfield believes that all producers should have a seat at the RCG discussion table and an opportunity to contribute directly on issues raised in this forum.

Bloomfield acknowledge that ARTC made changes to this end in the proposed HVAU however consider that it would be more appropriate that membership of the RCG be at the election of the Access Holder and not at ARTC's direction under clause 9.2(c)(i) of the 2016 HVAU.

Accordingly, Bloomfield considers that:

- Section 9.2(c)(i) of the proposed HVAU be amended so that membership of the RCG is comprised of each Access Holder who holds Coal Access Rights and has elected to become a member of the RCG; and Section 9.2(d) of the proposed HVAU states the composition of the RCG may change from time to time as agreed by ARTC and the current members of the RCG at the time.

Accordingly, Bloomfield considers that;

- This clause should be amended to clarify that agreement is not required in the event that an Access Holder who holds Coal Access Rights decides it no longer wishes to be a member of the RCG.

The Hunter Valley Coal Chain Coordinator (HVCCC)

The HVCCC is a critical and important part of the operation of the Hunter Valley coal chain and Bloomfield believes it is important that the HVCCC continues to play a central role in the coordination of the coal chain. Bloomfield reiterates its support for the HRATF submission in its commentary on the need for clarity around the engagement between ARTC and the HVCCC.

Path Based Pricing

Bloomfield considers the change to Path Based Pricing for the Take or Pay component of the Access Charge as appropriate.

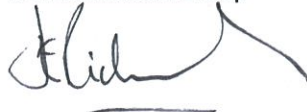
Summary

Bloomfield appreciates the opportunity to provide comment to the ACCC on the proposed HVAU which was submitted by ARTC in December, 2015. Bloomfield would welcome the opportunity to further discuss the issues raised in this letter should ACCC seek further clarification.

Bloomfield notes that this submission may be published on the ACCC's website and may be made available to any person or organisation upon request.

Yours sincerely


The Bloomfield Group



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