

March 13, 2020

Essential Services Commission
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Email: escosa@escosasa.sa.gov.au

Attention: Vashti Maher, Senior Economist

RE: 2020 South Australian Rail Access Regime Review.

Dear Commission members,

We wish to submit to the Review being undertaken by ESCOSA into the above.

Background:

I represent MILP Pty Ltd trading as Monarto Inland Port as Managing Director and founder. In approximately 2016 we applied to GWA for rail access to the Monarto South Rail siding and adjoining hard stand area.

In 2016 we were working with Lend Lease the landowners of the Big W - Monarto Distribution Centre and Woolworths the owner of Big W Stores to improve their logistics efficiency so that they could economically operate from the existing Distribution Centre at Monarto. To demonstrate what Big W were faced with; their imported goods were shipped primarily from the Port of Melbourne by rail to the Monarto DC, however to get to Monarto the train loads of containers travelled along the interstate rail corridor through Monarto to Adelaide where they were unloaded in the marshalling yards at Dry Creek put on trucks up the freeway to Monarto whereby they were de-stuffed and repacked with goods destined for their various stores in Victoria, SA and WA. The re-filled containers were then road transported back to Adelaide to be put back on Rail transport up and over the Adelaide Hills through Monarto to various destinations in Victoria, an estimated additional cost of some \$12 million dollars in logistics costs per annum. Our task was to intervene in the logistics to load and unload containers from the existing rail siding at Monarto and deliver the freight direct to Big W some 200 meters from the rail siding at Monarto.

As a consequence of the way we were treated by GWA and the exclusion to operate out of Monarto that we experienced by GWA initially and the lack of DPTI support for the re-opening of Monarto Big W found it a financial reason to close Monarto - at the end of their lease in 2021 and the loss of 200-250 well paid jobs. The building is now being repurposed and yet to be leased or sold by Lend Lease.

GWA used every delay excuses and deliberate tactic to discourage, ignore, demand of our plan to re-open Monarto to be a freight hub for the Murraylands region. After 4 years of monthly and sometimes weekly contact with GWA they relented to give back the siding to ARTC and cancel the siding lease that they enjoyed.

No work was conducted on the rail siding during anytime that GWA had control over it and having just signed the siding lease with ARTC in the last month find ourselves spending the money to be able to use the siding for freight and Intermodal terminal business.

DPTI and GWA have forced freight onto road transport and through the city of Adelaide and SE Freeway.

The actions and attitude of DPTI and the absolute exclusion of rail access to rail sidings can be reversed and trucks used in the last mile delivery rather than clogging our roads throughout SA.

There is absolutely no doubt that a free market access to rail corridors would result in competition in all areas of South Australia, Investment in rail / road hubs throughout the state would drive down freight costs and add competition to a GWA monopoly.

Regulatory changes should be implemented forthwith to open state assets to commercial uses. For example, the millions of dollars a year being lost by the state government by locking up Isslington rail assets.

Some time ago I visited the closed and secured assets at Isslington and Dry Creek with an International rail workshop and repair refurbishment organization wanting to utilize the existing assets, they were 'stuffed' around so much by GWA and DPTI that they have long given up investing in South Australia.

Change can not be made with out taking away the monopoly of the rail companies and putting in a regime of open access. The costs of the open access are a very low decision element when spending millions of dollars, the time and effort and uncertainty are debilitating for industry.

Fact Check: We are prepared to provide the commission with Names, Titles, Companies, Government Departments and contact details if requested.

Question two: for which declared rail infrastructure services is competition sufficient that parties would reach competitive access arrangements in the absence of the regime?

The answer is 'NO' regulation but a fair non partial access with Australia wide controls could provide immediate rail access to those requiring it for business.

The obvious institution to regulate rail access and collect fees and charges from users (User pays) is a subsidiary of ARTC. With a charter of delivering rail access from both publicly held assets and privately held assets. It would be self-funding, transparent and a 'not for profit'.

A standard open and transparent schedule of fees and charges for each section of rail in SA could be published and access controlled by the body. In practical terms access to any rail line now is controlled by ARTC. A level playing field for suitably qualified rail operators would be very useful. I'm happy to provide access to the rail siding we are opening at Monarto to multiple users if requested and a payment is made to cover the maintenance and upgrade of the siding, and fair return on investment.

The commission should consider the monopoly which exists in rail access and the cost of no competition to road transport this creates.

Question Three: To what extent do parties rely on access regime in negotiations for access declared by rail infrastructure services?

To answer this question, I refer to our submitting and unsolicited bid to DPTI for rail corridor access to the following closed lines with no resolution as of this date:

1. Monarto to Apamurra rail corridor with the plan to provide rail access to the new Thomas Foods International meat works. It is estimated that 2 trains a day will be required when in full production rail services taking approximately 350 heavy trucks off the public road network. And opening the rail network to the Murray lands and Riverland, Barossa Valley and Adelaide Hills.
2. An unsolicited bid to reopen the Wolseley to Mt Gambier rail corridor. Now two years and still waiting. No public money required.
3. An unsolicited bid to reopen the Mt Gambier to Heywood (Victoria) rail corridor, no help from DPTI, Victoria Freight have provided a senior liaison officer embedded in the department to make this a reality, no help on the SA side of the border.

Substantial costs have been incurred by us in providing these submissions, NO money is or has been requested from any government to reopen these corridors, but it appears that a protection of road transport operators is in play to the detriment of the public.

Fact Checker: We are prepared to provide the commission with copies of Correspondence, Names, Titles, Companies, Government Departments and contact details if requested.

Question Four: What are the direct and indirect costs of the access regime?

The direct and indirect costs are readily available because there is no competition. The parties to the Monopoly are working in their own interest and access isn't denied but just not given!

Alternatives: Australia and South Australia has one of the worst cases of protection for a select number of operators in the rail sector, there is no competition. Action is required now.

Question Five:

Answered in Question Two above referring to ARTC, Not for profit entity.

The costs of doing nothing grossly out way the costs of making changes. Australia can not afford the rail monopoly when a clear alternative is available. Closure of existing rail corridors is a national disgrace when alternative operators are ready to stand in but excluded by the regime.

Question Six:

The short answer is that there is absolutely no value in continuing with the current regime, open market competition for rail services should be sort and enacted.

Question Seven:

I'm happy to provide external advice on this question once change is on the table until then the commission resources should be able to work this cost and benefit analysis out.

Part two of question Seven: there is a whole study being conducted by RDA Limestone Coast and CSIRO to look at this exact question. On examining the report it is very 'light' weight in it's assumptions, we were told we would be asked for an interview as did others but this did not happen, it was a poor hi level desk top report with many errors and understated volumes. Further RDA expenditure on another report would be a waste of time and taxpayer money. Leave it to private enterprise to make the business case for an open access rail corridor.

We thank the commission for taking our submission,

For further information please feel free to contact us.

Yours faithfully,
MILP Pty Ltd

Greg Toop

Greg Toop
Managing Director

CC Department of Transport and Infrastructure: Minister Knoll