



20 April 2020

Essential Services Commission
GPO Box 2605
ADELAIDE SA 5001

BY EMAIL : escosa@escosa.sa.gov.au

2020 South Australian Rail Access Regime Review

As a significant remaining user of intra state rail services within South Australia, Gypsum Resources Australia (GRA) appreciates the opportunity to have input into the 2020 South Australian Rail Access Regime Review.

It is important that the South Australian Rail Access Regime continues to ensure GRA's right to an efficient and competitive rail environment is protected. It is GRA's view that the incremental cost to operate the Rail Access Regime is far outweighed by the benefit to the GRA business and hence South Australian economy by its promotion of an economically efficient rail alternative. Having competitive and efficient mine to port transport alternatives is vital for the sustenance of the ~100 South Australian jobs connected to GRA's activities.

With regard to specific questions raised in the issues paper relevant to GRA.

**What factors have led to the movement away from rail transport in favour of road?
Are these factors likely to be permanent, or could market or regulatory changes lead to an increase in demand for rail?**

The key factors are:

- a. The strong efficiency/productivity gains (particularly payloads) that have been made by road transport providers over the past decade.
- b. The lifecycle of the intra state rail assets have reached a point where significant reinvestment is required. The corporate business case for the rail investment typically doesn't stack up versus the alternatives.

The effect of these factors is likely to be permanent unless:

- a. The access providers and rail operators pursue efficiency/productivity gains and adjust their return expectations. If required, a prudent access seeker can still utilise the South Australian Rail Access Regime to facilitate the access provider/rail operator providing a rail alternative that is as efficient as reasonably practical.

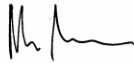
- b. Social benefits of rail (road maintenance, road safety costs etc) are recognised by government. The provision of regional rail infrastructure in Australia has generally relied on the consideration of both social and commercial benefits rather than purely commercial benefits.

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

For the Kevin to Thevenard line – road alternatives are competitive with rail. This fact alone may facilitate competitive rail access arrangements but it does not guarantee it. The Rail Access Regime acts as a safety net to ensure access providers provide an efficient rail alternative to compete with the road.

GRA recommends the South Australian Rail Access Regime continue and I would welcome the opportunity to meet face to face to discuss our submission and any other relevant information that may assist the Commission.

Kind Regards,



Alistair Kelsh
General Manager GRA