

TO: Essential Services Commission of South Australia

RE: South Australian Regime Review Draft Report

17 July 2020

Introduction

AMEC welcomes the Draft Report by the Essential Services Commission of South Australia (ESCOSA), and appreciates the opportunities afforded by ESCOSA to articulate our members concerns regards rail access in South Australia.

A certain and affordable path from a mine to a point of egress underpins the economics of most projects.

About AMEC

The Association of Mining and Exploration Companies (AMEC) is the national peak industry body representing over 275 mining and mineral exploration companies across Australia, with 19 member companies actively exploring, mining and developing projects in South Australia.

The mining and exploration industry make a critical contribution to the Australian economy, employing over 255,000 people. In 2017/18, these companies collectively payed over \$31 billion in royalties and taxation, invested \$36.1 billion in new capital and generated more than \$250 billion in mineral exports.

In 2017/18 Australian mining and exploration companies invested \$1.97 billion to discover the mines of the future.

Comments

Continuation of the South Australia Rail Access Regime supported

AMEC supports the Draft Recommendation to extend the existing Rail Access Regime for a further five years.

If the Government had chosen to revoke the regime it would have had negative consequences across South Australia. With Industry particularly concerned with the ramifications on other lines, which it is the strong view of Industry definitely cannot operate without the rail access regime.

Rail is a natural monopoly that is difficult and costly to replace. The ability to affordably access rail can determine a mines feasibility, particularly in the case of bulk commodities which are generally very remote and heavily reliant on rail freight.

For many current and potential future users, there is no other viable transport options other than rail.

Encouraging the greater use of rail also reduces the number of trucks on roads which improves safety for other road users and reduces the wear and tear on road infrastructure. There are also consequential benefits for residents in suburbia and near Ports by reducing noise, dust and traffic.

Rail pricing, process and restrictions of access to intermodal facilities have all contributed to companies that can afford to do so favouring road.

Possible improvements

AMEC supports all of the improvements in the Draft recommendation, namely the:

- online publication of the information brochure,
- the introduction of a consultative mechanism by which rail infrastructure services can be declared. Extending protections under the ROA Act to access seekers who are not above-rail operators
- A stronger arbitration mechanism by allowing an arbitrator to make an interim order on access prices, terms and conditions if parties are renegotiating an agreement that is soon to expire.

Post-pandemic economic recovery and the 3% growth state agenda

In finalising the review, ESCOSA must clearly weigh the role of affordable and accessible railway in supporting South Australia achieving the targeted 3% growth rate announced in the Joyce Review in 2019¹.

The negative economic impact of COVID-19 has increased the need for South Australia to reduce the cost of doing business. Making rail access in South Australia, easier, cheaper and more transparent are three ways that this review could support the growth of the State into the future.

ESCOSA has a clear role to facilitate the greater use of South Australia's rail assets.

Further comment

AMEC appreciates the opportunity to consult on this rail access code and can be contacted below to provide further comment.

For further information contact:

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¹ Review of the South Australian Government's International and Interstate Engagement Bodies and Functions by Hon Stephen Joyce,
https://www.dpc.sa.gov.au/_data/assets/pdf_file/0007/47887/South-Australian-Government-International-and-Interstate-Engagement-Bodies-and-Functions-Review.pdf