

16 July 2020

2020 Review of the Rail Access Regime

ESCOSA

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Adelaide SA 5001

By email: [escosa@escosa.sa.gov.au](mailto:escosa@escosa.sa.gov.au)

Dear Vashti,

**Re: 2020 Review of the Rail Access Regime**

Thank you for the opportunity to comment on ESCOSA's Draft Decision for the 2020 Review of the Rail Access Regime.

ARTC owns and operates the interstate rail network which runs through South Australia from both New South Wales and Victoria and into West Australia. Whilst this network is excluded from coverage under the South Australian Rail Access Regime Review, the operation of the regional rail networks, as well as access to the yards and sidings which connect into ARTC's network, are of critical importance to maximizing the use of rail for freight transport in Australia.

ARTC is therefore an interested party in the development of South Australian Rail Access Regime (SARAR) Review.

ARTC supports the Draft Decision, especially the continuing focus on commercial negotiation.

ARTC notes Section 3 of the Draft decision and appreciates the manner in which it highlights the competitive benefits granted to road freight through regulatory changes allowing larger trucks to transport grain, but with no mechanism for charging those trucks for the cost they impose on the road network. These costs include increased capital costs arising from higher design standards to meet heavier trucks; and the increased direct maintenance costs created by the greater damage caused by those heavier vehicles.

Greater road usage imposes significantly safety costs (as well as other externalities such as increased congestion and emissions) on the community which are not recovered from the heavy vehicles which cause them. The Productivity Commission's recent review of the impact of national freight safety reforms highlights fatalities from heavy vehicle transport are approximately 20 times greater than for the entire rail industry (including urban passenger transit). The economic (let alone social) cost of these increased accidents could therefore be significantly reduced by ensuring road and rail compete on a level playing field. Although this is not a function of ESCOSA's review, ARTC calls for the SA Government to continue to push for this critical policy change to allow road and rail to compete on a level playing field and reduce this safety cost to the SA community.

ARTC believes that these recommendations support a regulatory regime that addresses an overarching objective of promoting commercially negotiated outcomes within a transparent, and low burden, process that allows both sides the opportunity to seek mutually beneficial outcomes in exchange for value; and importantly allows them the freedom to define that value themselves.

In particular, ARTC supports the discussion at 4.2 on the asymmetry of risks imposed by an access regime where below-rail network owners bear a disproportionate share of downside risk.

As the national rail operator, ARTC believes that the operation of the rail network would be more efficient in the presence of a consistent national regulatory approach for rail access. The benefits of regulation focused on commercial arbitration are clear in this Draft Decision, and ARTC considers this aspect of the SA RAR is a clear model for any national framework to follow.

The recommendations of the Draft Decision are therefore strongly supported by ARTC and we welcome the opportunity to answer any questions which may arise in respect of this submission.

Please do not hesitate to contact me on 08 8217 4248 if you have any further questions in respect of this submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jonathan Teubner', with a large, stylized flourish extending to the right.

Jonathan Teubner  
**Manager Economic Regulatory Development**