

SOUTH AUSTRALIAN RAIL REGULATION

ANNUAL REPORT 2012/13

September 2013



Enquiries concerning this report should be addressed to:

Essential Services Commission of South Australia
GPO Box 2605
Adelaide SA 5001

Telephone: (08) 8463 4444
Facsimile: (08) 8463 4449
Freecall: 1800 633 592 (SA and mobiles only)
E-mail: escosa@escosa.sa.gov.au
Web: www.escosa.sa.gov.au

The Essential Services Commission of South Australia is the independent economic regulator of the electricity, gas, ports, rail and water industries in South Australia. The Commission's primary objective is the *protection of the long-term interests of South Australian consumers with respect to the price, quality and reliability of essential services*. For more information, please visit www.escosa.sa.gov.au.

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1 THE COMMISSION'S FUNCTIONS AND POWERS

The Essential Services Commission of South Australia (**Commission**) was proclaimed the regulator under section 9 of the *Railway (Operations and Access) Act 1997 (ROA Act)* as of 18 March 2004. The role was previously undertaken within Transport SA.

The ROA Act establishes a negotiate/arbitrate access regime (**Access Regime**) that covers certain railways and associated facilities within South Australia, including:

- ▲ the broad gauge rail lines within metropolitan Adelaide used mainly for urban public transport services, controlled by the Rail Commissioner¹;
- ▲ the intra-state lines controlled by Genesee & Wyoming Australia Pty Ltd (**GWA**) used primarily for freight services, including:
 - the narrow gauge lines on the Eyre Peninsula;
 - the broad gauge lines in the Mid North; and
 - the standard gauge lines in the Murray-Mallee region.
- ▲ the Great Southern Railway Ltd (**GSR**) owned and operated passenger terminal at Keswick.

The Access Regime aims to encourage negotiation for access on fair commercial terms. The Access Regime provides for the Commission to monitor and oversee access matters, establish pricing principles and information requirements, and refer access disputes to arbitration.

2 COMMISSION ACTIVITIES

The Commission's activities in 2012/13 focussed on administration of the regime, including monitoring of operators' compliance with its requirements. The Commission appreciates the efforts made by the operators to ensure that their internal systems meet regulatory compliance requirements.

The Commission is notified of rail access requests shortly after they arise, and is also advised of any contracts or disputes resulting. No disputes arose in 2012/13.

The Commission will continue to administer the regime in 2013/14 and will continue to work with operators to ensure that appropriate and timely information is provided to access seekers. The Commission stands ready to address any access disputes, should they arise.

¹The *Passenger Transport (Transfer of Assets and Vesting of Rights and Liabilities) Proclamation 2010* transferred all real and personal property of TransAdelaide to the Rail Commissioner with effect from 1 September 2010.

3 FINANCIAL INFORMATION

Funding for the Commission's rail regulatory activities is provided by the South Australian Government. A summary of revenues and expenses for these activities in 2012/13 is provided in Table 1, together with comparative figures for the previous year.

Table 1: Rail Regulatory Revenues and Expenses

	2012/13	2011/12
REVENUE	\$000	\$000
SA Government Contribution	100	200
	<hr/>	<hr/>
	100	200
EXPENSES		
Salaries and on-costs	45	67
Consultants	0	2
Administration	16	19
Payments to SA Govt	290	0
	<hr/>	<hr/>
	351	88
ANNUAL SURPLUS/(DEFICIT)	<hr/>	<hr/>
	(251)	112

Prior to 2012/13, the Commission's accumulated surplus relating to the regulation of South Australian rail activities had increased significantly. However, in 2012/13 the Commission adopted a policy to ensure that surpluses do not accumulate to unnecessary levels. Consistent with this policy, the Commission reduced its requested South Australian Government contribution to \$100,000 for 2012/13 and returned surplus funds of \$290,000. Government accounting policy requires that such returns of surplus funds be reported as expenses.

The accumulated surplus for the South Australian rail regulatory activities as at 30 June 2013 was \$40,000.



The Essential Services Commission of South Australia

Level 1, 151 Pirie Street Adelaide SA 5000

GPO Box 2605 Adelaide SA 5001

T 08 8463 4444 | F 08 8463 4449

E escosa@escosa.sa.gov.au | W www.escosa.sa.gov.au

