

13 May 2021

Mr Matthew Schroder General Manager Infrastructure & Transport – Access & Pricing Branch
Australian Competition and Consumer Commission
GPO Box 520 Melbourne VIC 3001
Email: transport@accc.gov.au

Dear Mathew

RE: Extension of the 2008 Interstate Access Undertaking (to 30 June 2023)

Pacific National welcomes the opportunity to provide comment on the ARTC proposal to extend the termination date of its 2008 Interstate Access Undertaking (2008 IAU) to 30 June 2023 pursuant to section 44ZZBD(1) of the Competition and Consumer Act 2010 (Cth) (the Act).

Pacific National notes that this is the sixth application to extend this Undertaking and the proposed two-year period is the longest of all extension requests to date. The ACCC consultation letter notes that the key piece of the puzzle, the DORC valuation, is due for release on or before 30 June 2021. Given this expected timing, Pacific National does not support the proposed length of the extension and contends that the process, with the appropriate will of the parties, could and should be concluded in less than two years.

If freight rail is to remain relevant and be competitive with other modes of transportation, the related regulatory processes must be efficient and responsive to changing market conditions. The environment that rail operated within in 2008 is far different to 2021 and the proposed extension essentially pushes this out to 2023. Pacific National does not accept continuing with the status quo for two more years and urges the ARTC and ACCC to be more agile in making improvements to the competitiveness of freight rail in Australia.

The COVID-19 pandemic has had a positive impact on freight volumes on rail, with evidence suggesting the increase is a result of disrupted supply chains and border-crossing complexity. This recent increase reinforces Pacific National's view that there are freight volumes available to grow the industry when supported by the right policy settings. To retain increased volumes of freight on rail, changes to pricing, service quality and reliability are required. Without changes in settings, the recent freight volume increases will revert back to other less safe and less environmentally friendly modes of transport (i.e. road and sea).

Pacific National is of the view that this is a pivotal time for rail in Australia. The federal government has committed to invest \$14.5b in Inland Rail, whose business case is predicated on freight increases on the Brisbane to Melbourne corridor. The status quo of lengthy and bureaucratic regulatory processes, ongoing

high access fees compared to road transport user fees, and limited investment in track quality and resilience, increases the substantial risk that the Inland Rail investment does not achieve its potential.

As a result, Pacific National contends that changes to the settings in the 2008 IAU are required as soon as possible to ensure an achievable transition of freight onto the new rail corridor.

Mark Nash

Key Account Manager - Access

Level 16, 15 Blue St, North Sydney | NSW | 2060 | Australia

M +61 419 776 397

E mark_nash@pacificnational.com.au

W pacificnational.com.au