Thank you for providing us with the opportunity to comment on the ARTC pricing proposal for the SSFL.

As the largest potential user of the line for rail traffic moving to and from Port Botany we have real concerns that the pricing proposed by ARTC will simply make metropolitan rail movements for import and export containers uncompetitive against road.
While this is not necessarily a competition issue, as road will always be a competitive constraint on rail, we do point out the inconsistency with both Commonwealth and State Government policy and targets for modal shift. We strongly feel that ARTC should be looking to significantly and materially increase the rail modal share and volumes to achieve a satisfactory return, rather than try to extract a return from the meagre volumes that are using the network today. Even this volume could diminish into the future if road continues to have the cost advantage over rail that this proposal will enshrine.

A number of Government and Private entities have made or will be making considerable investments into achieving modal shift from road to rail based on stated Government policy and targets, including ARTC, however the pricing policy proposed by ARTC could have the unintended consequence of rendering these investments redundant. Qube is making its investment and pricing decisions based on the long term expectation that rail can be competitive with road provided stakeholders including ARTC and Stevedores do not price gouge for short term returns.

The cost comparisons for a theoretical 1500 tonne port shuttle or train, between the current pricing and that proposed by ARTC is as follows: -

1. **Proposed ARTC SSFL** - on the 36 km SSFL for Flagfall and GTK equates to [redacted] **plus GST;** whereby the same service on: -
2. **RailCorp Network** - on a 36 kilometre section equates to approx**.** [redacted] **plus GST** for a 101-640 metre train and [redacted] **plus GST** for a 641 to 900 metre service (Note that RailCorp charge by Train length by $km).
3. **ARTC MFN** – on the approximate 30 km MFN network the cost equates to approx**.** [redacted] **plus GST** for a 101-640 metre train and [redacted] **plus GST** for a 641 to 900 metre service (Note that ARTC charge by Train length by $km on the Sydney MFN).

Metropolitan port shuttles are restricted to 600 meter length trains by dictate from ARTC and other regulatory stakeholders, therefore the effective increase proposed by ARTC for the SSFL equates to [redacted] against the current Railcorp charges – which is unsustainable. The potential to treble the volume of containers plus natural market growth is a far better way to produce the necessary return and is absolutely consistent with good public policy.

As can be seen, the RailCorp charge is similar to the costs that ARTC have recently supplied to the above rail operators for use of the Sydney Metropolitan Freight Network (MFN). There is now a different charging mechanism being used by ARTC (same as outer Sydney Metro and regional charging) for the SSFL, the rationale for this confusing differentiation is not clear.

As a provider of point to point delivery services our options are to remain on the Railcorp south main line adding to the congestion and conflicts with the passenger network or revert to using road, which completely defeats the purpose of building the SSFL in the first place.

Should you require any additional information or clarification we would be happy to meet to discuss further.

**Regards,**

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