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Ref: BMIN-1-21-9468

Mr Justin Martyn
Director Regulated Access - Rail
Australian Competition & Consumer Commission
Level 11 | 1 King William Street
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Dear Mr Martyn

SUBMISSION TO ACCC ISSUES PAPER ON THE ARTC INTERSTATE NETWORK

Thank you for the opportunity to respond to ACCC's Issues Paper on the regulatory framework for ARTC's interstate network and for granting the Department of Transport an extension of time to make this submission.

Please find attached the Department of Transport's submission, which has been developed in consultation with V/Line.

If you have any further enquiries relating the Department's submission, I can be contacted via email – william.tieppo@transport.vic.gov.au

Yours sincerely


William Tieppo
Deputy Secretary – Network Design & integration

29 / 11 / 2021

Re: Issues Paper – *The Regulatory Framework for ARTC’s Interstate Network*

We are writing in response to request for submissions to your recent issues paper.

A key focus of the ACCC Issues Paper relates to access prices and consideration of ARTC’s position as the monopoly operator of the interstate rail network. In considering the matters that will follow from the Issues Paper it is suggested that the ACCC should take into account ARTC’s ability to influence service delivery and competition not only in the area of pricing but also as it relates to infrastructure standards and access capacity.

ARTC is an owner and provider of access to rail infrastructure for rollingstock service operators for both passenger and freight. Different track standards are required for different types of rail services. Currently ARTC does not have a passenger ride quality standard within its Code of Practice which details its track standards.

Infrastructure maintenance standards affect service delivery performance particularly as they relate to journey times and passenger comfort. This has an impact on passenger market share as distinct from pricing matters.

Currently ARTC applies a pricing structure, operational practices and track standards that are targeted at interstate freight market segment. In reviewing any future regulation consideration should be given to the appropriate service level standards that might apply on rail corridors shared by freight and passenger services.

As a result of ARTC’s focus on interstate freight service it is unable to encourage or enhance other mode shift opportunities onto rail, especially at the interface locations of regional towns and major cities across Australia. Passenger services, port rail shuttles and intrastate freight services are major trip generators. Effective regulation may therefore need to ensure the setting of appropriate service standards (i.e. track standards) as well as a flexible pricing structure.

In addition to passenger considerations, a flexible pricing structure for intrastate freight operations that may utilise the ARTC network for its whole journey or be linked with intrastate networks should be investigated. This approach might apply to markets including, for example, port shuttles and seasonal primary produce. A change of this nature has the potential to encourage or enhance mode shift opportunities onto rail particularly connections into regional locations and future rail hubs.

There are a number of issues in relation to access to the ARTC network which negatively impact on service providers’ ability to provide an appropriate service that is competitive with other modes of transport, such as private vehicles, coaches and air travel, especially on the Sydney - Melbourne corridor. Rough riding and delays due to speed restrictions are a result of the track conditions and/or poor related standards that do not take into account ride quality and speed. ARTC does not have a passenger ride quality standard within its current Code of Practice. ARTC has assumed that all rollingstock operators have the same requirements as an interstate freighter and has based the track standards (and thus pricing structure) on the requirements of an interstate freighter.

Other than interstate freight, ARTC does not contemplate in its long term planning for other services. An example of this limited planning is within the \$15 billion Inland Rail project business case and project delivery. The Inland Rail Project (IRP) is projected to provide infrastructure capabilities and rail capacity to 2050, according the 2014/15 IRP business case. Within this timeframe, ARTC has not planned for any increases in passenger train services on the Sydney –

Melbourne corridor nor any new passenger services on the newly created inland rail corridor. ARTC's strategic infrastructure planning on its biggest infrastructure project forecasted there would not be a single extra passenger train on its network for the next 35 years. The business case did not plan for or include port shuttles that will require higher speed capabilities and a higher scheduling capacity than interstate freight and will provide a key service to the interstate intermodal terminals.

Currently, the ARTC does not consult with states on its strategic network planning associated with capacity requirements, which potentially have an impact on passenger growth in regional and major cities or intrastate freight growth. This lack of strategic planning in other service areas limits the Commonwealth and state governments' ability to leverage the environmental and economic benefits associated with mode shift in markets not associated with interstate freight.

The Commonwealth Government has policy commitments to improve regional rail passenger connectivity around Australia and is funding a number of passenger rail initiatives associated with passenger services on intrastate and the interstate rail corridors. Within Victoria these initiatives include the Regional Rail Revival program and the Faster Rail Study led by the National Faster Rail Agency. These commitments support the position that in the future ARTC should in addition to freight, strategically plan for new passenger services including an increase in the number of paths with agreed ride quality and speed for passenger services operating on interstate rail corridors across Australia.

Against the background provided above, reviews of a future regulatory framework should explore the requirement for ARTC to incorporate into its future planning passenger and freight requirements as they impact intrastate services. The relevant factors, in addition to pricing, for consideration include future capacity, rail speed and infrastructure standards requirements for passenger services and forecast freight demand for the interstate network as it is impacted by intrastate investment and demand modelling.

We thank you for the opportunity of making this submission.