



## WHAT

We have completed our review of the Australian Rail Track Corporation's (ARTC) 2019-20 annual compliance submission on its non-Hunter Valley Coal Network (non-HVCN) sectors:

- ▼ Turrawan to Boggabilla
- ▼ Goobang Junction to Merrygoen
- ▼ Merrygoen to The Gap
- ▼ Merrygoen to Ulan
- ▼ Sydney Metropolitan Freight Network (MFN).

The ARTC has demonstrated to IPART's reasonable satisfaction that access revenue for each sector is no more than 80% of the full economic cost for 2019-20.



## WHY

Under the NSW Rail Access Undertaking (the Undertaking) we are responsible for determining whether rail infrastructure owners have complied with the relevant requirements of the Undertaking each year.

The ARTC submitted its annual compliance information for 2019-20 for IPART's review in October 2020.



## HOW

The ARTC made its compliance submission under clause 5(f) of Schedule 3 to the Undertaking. This clause applies only where IPART is reasonably satisfied that access revenue is no more than 80% of the full economic cost for that sector.<sup>1</sup>

The ARTC's submission must demonstrate to IPART's reasonable satisfaction that there has been no material change to the sectors' revenue and cost base that would cause revenue to approach the threshold.

We undertake a more detailed compliance assessment on a five yearly basis. Our last five-yearly review was in 2018.

The ARTC's compliance submission for 2019-20 shows cost recovery across all sectors has remained fairly stable since 2017-18 and is below the 80% threshold. Having reviewed the information provided, we are satisfied that access revenue remains below the 80% threshold.



## WHAT NEXT

The ACCC is currently reviewing the regulatory asset base for part of the ARTC's network. We expect that the ARTC will need to update its benchmark asset valuation to incorporate this information. As a result, we require the ARTC to submit more detailed cost and revenue information for its non-HVCN sector, including its benchmark regulatory asset base, as part of next year's compliance process. This submission is due by 31 October 2022.

<sup>1</sup> See, *IPART, Rail Access Annual Compliance Reviews Guideline*, March 2017.