

14 DEC 2010

Mr Rod Sims  
Chairman  
Independent Pricing and Regulatory Tribunal  
PO Box Q290  
QVB POST OFFICE NSW 1230

Dear Mr Sims

I am writing to request that the Independent Pricing and Regulatory Tribunal (IPART) undertake a review into rail access pricing on the Country Regional Network.

Please find enclosed a reference under Section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* for IPART to conduct the review. I note that the provision of a final report to Transport NSW is required within 12-14 months of receipt of the reference.

If your officers wish to discuss this matter, they should contact Mr Tim Hurst, Executive Director, Infrastructure, Environment and Economic Development Policy, Department of Premier and Cabinet on (02) 9228 5493.

Yours sincerely



**Kristina Keneally MP**  
Premier

# NSW Country Regional Network Access Pricing Review

## Terms of Reference

I, Kristina Keneally, pursuant to Section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992*, request that the Independent Pricing and Regulatory Tribunal (IPART) investigate and advise on future access pricing for the sustainability of the NSW Country Regional Network (CRN).

In conducting this review, IPART should investigate and advise on appropriate pricing arrangements for the NSW grain line network as it is defined in the Australian Government's report on the *New South Wales Grain Freight Review* (2009).

In providing recommendations IPART should have regard to the:

- efficient costs of providing grain freight services over the next five years;
- ability and willingness of industry to pay;
- principles and approach underpinning the determination of access charges in other states;
- effect of any pricing recommendations on the whole supply chain for grain, including the road network and any potential flow-on effects to local government;
- policy developments relating to national road-pricing reforms, including the implementation of COAG Road Reform Plan;
- advantages and disadvantages of any alteration to access charges being phased in over a five-year period;
- effect of any pricing recommendations on the level of Government funding provided for Community Service Obligations (CSOs); and
- potential implementation strategies for any changes to pricing measures recommended by the Tribunal.

In preparing its advice, IPART should take into account previous and current work programs in NSW and other jurisdictions including, but not limited to the:

- Grain Infrastructure Advisory Committee *Report on Rail/Road Options for Grain Logistics* (2004) and Australian Government *New South Wales Grain Freight Review* (2009);
- Productivity Commission *Inquiry into Road and Rail Freight Infrastructure Pricing* (2007);
- establishment of the proposed Grain Industry Coordination Forum; and
- COAG Road Reform Plan to promote more efficient, productive and sustainable provision and use of freight infrastructure.

In undertaking this review, IPART should consult with stakeholders and accept public submissions within the timetable for the investigation and report.

IPART is to provide a draft report to the Minister for Transport within eight months of commencement and a final report within 12-14 months.

## **Background**


In November 2008, the Australian Government initiated the NSW Grain Freight Review, to assess the efficiency of grain supply chains in NSW and recommendations to improve the systems to be sustainable in light of future industry changes. On 4 September 2009, the Australian Government released its report on the review of NSW grain freight transport network. Among other recommendations, it suggested that once stabilisation works on the relevant grain branch lines were complete, access charges on the network be reviewed to determine an appropriate level of user contribution to ongoing maintenance.

It further suggested that in considering future access charges, the access provider should also take account of:

- The principles and approach underpinning the determination of access charges in other states;
- Progress with parallel road pricing reforms so that future increases in branch line network access charges do not have the unintended consequence of shifting grain freight to road; and
- The ability of industry to pay.

Any increase in charges should be phased in over a five-year period.

In May 2010, the NSW Government released its preliminary response to the NSW Grain Freight Review. It agreed that a review of access pricing for the country rail network would be considered within the context of the NSW Freight Strategy.



The Hon Kristina Keneally MP  
Premier

Dated at Sydney..... 14 DEC 2010 2010