

Ref: YTe00H 00167.doc

14 December, 2000 *Email sent 15/12*

The National Access Regime Inquiry
Productivity Commission
PO Box 80
Belconnen ACT, 2616

Dear Madam / Sir,

Re: Review of National Access Regime

I respond to your invitation to make a submission to the National Access Regime Inquiry.

Our organisation, Yarra Trams, manages and operates approximately half of the Melbourne's Tram system. The Tram Infrastructure has not been declared yet although the Victorian Government's Rail Corporations Act established an access regime designed to permit third parties access to certain declared rail transport services. The Victorian Access Regime would only apply to rail transport services declared by the Victorian Minister. Access has not been declared at this point in time.

Yarra Trams does not support access being declared. We operate a high frequency tram service carrying 60 million passengers each year where safety is our prime concern. Any access by third parties on the network raises safety concerns, however should access be granted we are of the view that access should only be provided on appropriate safety and commercial terms. Experience to date is that when access was imposed on both the Melbourne Operators it was based on calculations claimed by Government to represent "cost" which was not the case. Additionally free access has been provided to "Heritage" Tram Operators with risk being carried by the operators.

The contractual access arrangements currently in place were developed and imposed on operators by the Victorian Government as part of the Victorian Public Transport franchising out process. Input from the Tram Operators was limited with advice often being ignored by the public servants charged with the sale process. These arrangements impose on the current operator un-commercial arrangements.

It must also be understood that the contract arrangements with the Victorian Government include a penalty / bonus regime where operators face heavy financial penalties for

delays and cancellation of services. The current franchisees, as part of their commitment to Government, have committed significant investment in upgrading infrastructure and service quality.

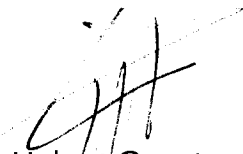
It is Yarra Trams' strong view that if required to provide access to third parties, that access be only provided on a basis where the commercial and safety "realities" are provided for. This includes:

1. The third party operator to totally comply with Rail Safety Accreditation requirements
2. Access only be provided at times and on sections of the network where the Infrastructure operator can be assured that interruptions to scheduled and planned services will not be disrupted
3. Infrastructure Operators obtain full cost recovery (that includes a return on investment allowance) properly calculated reviewed on a regular basis
4. Third party operators to meet full costs of any disruption caused by their operations to the scheduled and planned services of the franchised operators. This would include paying of penalties imposed on the franchisee by Government for any delay or disruption caused by the third party
5. Third parties to meet all training and OH&S standards required by the Infrastructure operator of its own workforce and operations
6. Third parties provide insurance that covers potential damage, including loss of business to the Infrastructure operator resulting from actions and failures of the third party operator
7. That third parties are to be the subject of credit checks carried out by the Infrastructure operator to ensure that the third party has the ability to meet all debts as and when due to the Infrastructure operator. This may require provision of appropriate security.

Meeting the above parameters merely ensures that any arrangement entered into will be on commercially reasonable terms.

Yarra Trams would be willing to provide more input should this be requested. Please direct your queries to John Wilson who may be contacted on 03 9619 3296.

Yours sincerely,



Hubert Guyot
Chief Executive Officer