

5 February 2013

National Access Regime
Productivity Commission
LB2 Collins Street East
Melbourne Vic 8003

Dear Sir/Madam,



I write to you in relation to the Productivity Commission's Issues Paper concerning the National Access Regime.

Business SA is South Australia's leading business membership organisation, representing thousands of businesses through direct membership and affiliated industry associations. We represent businesses across all industry sectors, ranging in size from micro-business to multi-national companies. Business SA advocates on behalf of business to propose legislative, regulatory and policy reforms and programs for sustainable economic growth in South Australia.

Investment in infrastructure, by governments and the private sector, is vital if Australia is going to meet the needs of our growing population. Infrastructure is also key to ensuring that Australian business can continue to compete in international markets. In a recent Business SA survey of our membership infrastructure was rated the sixth most important policy priority, ahead of government regulation and the environment.

Access to infrastructure is also vital for attracting investment in Australia by ensuring that new businesses are able to effectively compete with already established businesses in key industries. Australia is a vast continent and access to roads, rail and ports are essential for any business to be successful. In addition, essential services such as water, electricity and telecommunication infrastructure are increasingly privately held and as such encouraging competition through access regimes is a worthy goal.

Accordingly, Business SA supports the key themes that underpin the National Access Regime in Australia. Business SA also acknowledges that there are examples of successful industry-led access regimes and self-governance in this area that should be encouraged and supported.

Business SA supports the principle that the government should not intervene in regulating access unless the problem is significant and market forces alone would not deliver a desirable outcome. Options such as private lease arrangements and contractual agreements between competitors should be

encouraged before government intervention is sought. Industry led schemes and individually negotiated contracts have the advantages of enabling bespoke solutions and being less costly to the taxpayer to facilitate.

Business SA acknowledges that market solutions are not always possible, especially when smaller businesses seek to enter an already established market and therefore the National Access Regime and state based schemes such as the Essential Services Commission of South Australia (ESCOSA) are vital to ensure economic efficiency and to protect the interests of consumers.

South Australia's own access regime for essential services, ESCOSA, covers electricity, gas, water, rail and ports. The Council of Australian Government's (COAG) agreement in 2009 *Competition Principles Agreement* requires that ESCOSA applies for certification of the state specific access regimes. This approach allows for state-specific considerations to be taken into account but also ensures that Australia has a nationally consistent approach access regulation, which is an important part of COAG's Seamless National Economy reforms.

It should be noted that in South Australia there is no infrastructure currently covered by the National Access Regime, thus reflecting the importance of state based schemes and industry led schemes in being maintained whilst acknowledging that a national regime still plays a role in achieving the correct infrastructure policy settings.

With regards to the specific criterion for infrastructure to be a declared facility under the National Access Regime, Business SA broadly supports the current criteria. With the specific criterion of the facility being of national significance Business SA would like the National Access Regime definition to remain broad in order to cover state-significant infrastructure.

As an example, a small railway line in South Australia may not appear to be of national significance, however, it is important for Australia to have strong and prosperous regions with employment and opportunities for people living in the regions. In this case the railway line could be deemed of national significance due to the positive economic impact a declaration could have on the region.

Whilst state based examples, like the one highlighted above, are more than likely to be covered by ESCOSA or private arrangements, Business SA believes it is appropriate for the National Access Regime to remain truly national and not exclude regional infrastructure due to the national significant criterion.

Overall, Business SA supports the key themes that underpin the National

Access Regime and thanks the Productivity Commission for their consideration of our submission to this issue paper.

Should you require any further information or have any questions, please contact Rick Cairney, Director of Policy, Business SA on (08) 8300 0060 or rickc@business-sa.com.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Nigel McBride', written in a cursive style.

Nigel McBride

Chief Executive Officer