



Western Australia

Economic Regulation Authority

NOTICE

REQUEST TO REVIEW REVISED CEILING COSTS ON THE SOUTHWEST MAINLINE AND TERMINAL ENDS OF THE SOUTHWEST MAINLINE

In September 2003, the Rail Access Regulator released the determination of the floor and ceiling costs for the mainlines in the freight rail network. This determination included the floor and ceiling costs for the Kwinana to Bunbury rail route. Subsequent to this, the Economic Regulation Authority (Authority) released the determination on the floor and ceiling costs for the terminal ends to the Kwinana to Bunbury rail route.

In both determinations, the railway owner, WestNet Rail, is permitted to escalate annually the floor and ceiling costs by an escalation factor which is proportional to the annual inflation rate adjusted by a productivity factor (CPI-X). The annual escalation has been determined to be 0.75 of the annual inflation rate as calculated using the CPI published by the Australian Bureau of Statistics.

The Authority has received a request from a stakeholder to calculate the annual escalation in the ceiling costs, applicable for 2004-05, for the Kwinana to Bunbury mainline and the terminal ends to the Kwinana to Bunbury mainline. The changes to the ceiling costs, which have arisen due to CPI-X escalation and the revised weighted average cost of capital to apply from 1 July 2004, came into effect from 1 July 2004.

The Authority recognises that it does not have a direct role, as defined in the Railways (Access) Code 2000, in approving annual changes to previously approved floor and ceiling costs. Nevertheless, the Authority understands that users of railway infrastructure are not able to confirm whether the annual changes provided to them are correct, whereas the Authority is able to confirm the changes because it has access to costing models used by railway owners. On this basis, the Authority is prepared to confirm the annual changes to approved floor and ceiling costs.

The Authority also recognises that there are other users who would have an interest in knowing what the revision to the ceiling costs are for these two rail routes. Consequently, the Authority has made the information available to all users, in the interest of transparency, by publishing the revised ceiling costs in this notice.

The revised ceiling costs, by route section, for the two rail routes are outlined in the table below.

Route Section	Ceiling Cost (\$) (2004-05)
Mainline	
Kwinana to Mundijong	3,535,486
Mundijong to Pinjarra	5,919,318
Pinjarra to Pinjarra East	588,126
Pinjarra East to Alumina Junction	677,832
Pinjarra East to Pinjarra South	248,219
Pinjarra to Wagerup	2,990,186
Wagerup to Brunswick Junction	4,561,344
Brunswick Junction to Picton	2,870,229
Picton to Bunbury Inner Harbour	1,372,125
Terminal Ends	
Kwinana No 3 Pts to Alcoa Bauxite Junction	536,031
Alcoa Bauxite Junction to Alcoa Bauxite Siding	400,056
Alcoa Bauxite Junction to Alcoa Caustic Siding	170,384
Alcoa Caustic Siding to Alcoa Alumina Siding	88,716
Bunbury Inner Harbour No 485 Pts to Alcoa (inbound)	269,431
Bunbury Inner Harbour No 486 Pts to Alcoa (outbound)	181,358
Bunbury Inner Harbour No 485 Pts to No 486 Pts	320,856

Enquiries can be made to Mr Mike Jansen on 9213 1952.

LYNDON ROWE
CHAIRMAN
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