

## NOTICE

### Invitation for Public Submissions

### Review of the Weighted Average Cost of Capital to Apply to the Urban and Freight Rail Networks

The Economic Regulation Authority has begun a review of the Weighted Average Cost of Capital (WACC) for the railway infrastructure associated with the urban and freight rail networks.

#### BACKGROUND

The *Railways (Access) Code 2000* requires the Authority to make an annual determination, as at 30 June, of the WACC to be applied in calculating the floor and ceiling costs for each of the urban and freight rail networks covered under Schedule 1 of the Code.

The Code also requires that, from 2003, the Authority undertakes public consultation every fifth year before determining the WACC values for that year. Consequently, the Authority must consult the public before determining the WACC for the 12 months from 1 July 2008.

In accordance with the Code requirements, the Authority has commissioned the Allen Consulting Group (ACG) to:

- review the existing WACC calculation method and input parameters, which were determined in 2003 by the Independent Rail Access Regulator; and
- recommend any changes that may be required to the methodology and/or input parameters for its 2008 WACC determination.

ACG has now completed its report. While this report will form the basis of the initial public consultation process, the Authority wishes to make clear that the views and opinions expressed in the ACG report are those of ACG only and do not necessarily represent the views of the Authority.

The Authority will consider the recommendations in the ACG report and the issues raised in public submissions in preparing its draft 2008 WACC determination. There will be further public consultation when the Authority's draft determination has been completed.

#### PUBLIC SUBMISSIONS

In accordance with the Code, the Authority invites submissions from interested parties on the issues and recommendations outlined in the ACG report.

All submissions should be in electronic and hard copy form and must be received by **4.00pm (Western Standard Time) on Friday 14 December 2007**.

Written submissions should be mailed to:

Mr Mike Jansen  
Assistant Director - Rail  
Economic Regulation Authority  
PO Box 8469  
Perth BC WA 6849

Electronic submissions should be made to: [mike.jansen@era.wa.gov.au](mailto:mike.jansen@era.wa.gov.au)

In general, submissions made to the Authority will be treated as in the public domain and placed on the Authority's web site.

Where an interested party wishes to make a submission in confidence, it should clearly indicate the parts of the submission for which confidentiality is claimed and specify in reasonable detail the basis for the claim. Any claim of confidentiality will be considered in accordance with the provisions of Section 50 of the Code.

The publication of a submission on the Authority's web site shall not be taken as indicating that the Authority has knowledge either actual or constructive of the contents of a particular submission and, in particular, whether the submission in whole or part contains information of a confidential nature and no duty of confidence will arise for the Authority.

### **Available Documentation**

The ACG report can be downloaded from the Authority's [web site](#). Printed copies of this report are available directly from the Authority at \$25.00 each.

For further information please contact:

#### **General Inquiries**

Mr Russell Dumas  
Director Gas and Rail Access  
Ph: +61 8 9213 1900  
Fax: +61 8 9213 1999

#### **Media Inquiries**

Mr Paul Byrne  
Ph: +61 8 9385 9941  
Mb: 0417 922 452

LYNDON ROWE  
**CHAIRMAN**

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