

## NOTICE

### **Revised Segregation Arrangements Approved for WestNet Rail**

The Economic Regulation Authority has approved the revised Segregation Arrangements proposed by railway owner WestNet Rail (WNR). The revised arrangements are available on the Authority's [web site](#).

The Segregation Arrangements are required under section 28 of the *Railways (Access) Act 1998* to ensure that, where a company owns both the contestable and natural monopoly components of a railway business (i.e. both the above and below rail operations), third parties seeking access to the rail network are not unfairly disadvantaged. This arrangement is often referred to as 'ring fencing' in other third-party access regimes.

#### **Background**

In December 2000, the freight business of the Western Australian Government Railways was privatised, as a vertically integrated business, under a long-term lease agreement to the Australian Railroad Group (ARG). Under this structure, both the below-rail business, WestNet Rail (WNR) and the above-rail business, Australian Western Railroad (AWR) were part of ARG. In June 2006, ARG was sold as two separate businesses with AWR going to Queensland Rail and WNR to Babcock and Brown Infrastructure.

The Segregation Arrangements for WNR, as approved by the Independent Rail Access Regulator in April 2003, reflected the ARG vertically integrated company structure. Following the sale of ARG, WNR is now a stand alone below-rail business with no linkages, through its ownership structure, to any of the above-rail operations on its rail network. Subsequent to this change, WNR has proposed revisions to the Segregation Arrangements previously approved in 2003.

Section 42 of the *Railways (Access) Code 2000* requires public consultation before the Authority can approve any variation to a railway owner's Segregation Arrangements. To meet this requirement the Authority invited public comment in a notice published on its web site on 8 February 2008. The public comment period closed on Friday, 20 March.

One submission was received in response to the invitation for public comment. In this submission, from the Chamber of Commerce and Industry (CCI), the CCI noted that WNR's proposed changes to the Segregation Arrangements are procedural in nature and just reflect the changed operational realities. The CCI concluded that it had no objection to the revisions proposed by WNR. This submission is available on the Authority's [web site](#).

For further information contact:

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