

## NOTICE

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

The Economic Regulation Authority has released its final determination on the 2008 Weighted Average Cost of Capital (WACC) for the railway infrastructure associated with the freight and urban rail networks.

The final determination, which is available on the Authority's [web site](#), sets the 2008 real pre-tax WACC values at:

- 9.77 per cent for the freight network; and
- 7.19 per cent for the urban network.

The 2008 WACC applies for the 2008-09 financial year, from 1 July 2008 to 30 June 2009.

#### **Background**

The *Railways (Access) Code 2000* requires the Authority to make an annual determination, as at 30 June, of the WACC to be applied when 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 was required to consult the public before making the 2008 determination.

The Authority carried out two rounds of public consultation in preparing its determination. The first was for a six-week period following release of the Allen Consulting Group's report on 30 October 2007. The second was for four weeks following release of the Authority's draft determination on 4 April 2008. The Authority has considered the submissions received during both periods in preparing its final determination.

For further information contact:

#### **General Enquiries**

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

#### **Media Enquiries**

Mr Paul Byrne  
Byrne & Byrne Corporate Communications  
Ph: 61 8 9336 2081  
Mb: 0417 922 452

LYNDON ROWE  
CHAIRMAN

23 June 2008