



Economic Regulation Authority

WESTERN AUSTRALIA

Level 6, Governor Stirling Tower
197 St Georges Terrace
Perth Western Australia 6000

GPO Box 8469
Perth Business Centre
Western Australia 6849

Telephone 61 8 9213 1900
Facsimile 61 8 9213 1999
Website www.era.wa.gov.au

Promoting fair prices, quality services and choice.

NOTICE

2009 Weighted Average Cost of Capital Determination

FREIGHT AND URBAN RAIL NETWORKS

The Economic Regulation Authority has determined the Weighted Average Cost of Capital (WACC) for both the freight and urban rail networks as at 30 June 2009 as required by the *Railways (Access) Code 2000*.

The Authority has determined that the WACC, to apply from 1 July 2009 to 30 June 2010, will be:

- 8.63 per cent (real pre-tax) for the freight network; and
- 5.99 per cent (real pre-tax) for the urban network.

In comparison, the 2008 real pre-tax WACC for the two networks were 9.77 per cent and 7.19 per cent respectively.

The methodology used in the 2009 determination was similar to that used for 2008. The access code requires public consultation on the WACC methodology every five years and it will be undertaken again in 2012-13.

The input variables to the 2009 determination which were updated (as of 29 May 2009) from the 2008 determination are shown in the table below.

Input Variables	2008	2009
Nominal risk free rate (%)	6.37	5.02
Inflation (%)	2.75	2.50
Debt margin (%) (Based on BBB+ credit rating for the freight rail network and A credit rating for the urban rail network)	Freight: 3.02 Urban: 2.51	Freight: 3.20 Urban: 2.52

For further information contact:

General Enquiries

Ms Audrey Hia
Senior Project Officer, Gas and Rail
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

19 June 2009