



Mr Lyndon Rowe
Chairman Economic Regulation Authority
GPO Box 8469
Perth Business Centre
Perth WA 6849

2nd August 2005

Dear Mr Rowe,

Worsley Alumina Pty Limited ("Worsley") welcomes the opportunity to respond to the Economic Regulation Authority ("the Authority") *Review of the Railways (Access) Code 2000 Draft Report* ("Draft Report")

Worsley acknowledges that the following concerns would require amendments or review to the Act and welcomes the Authority's proposal to collate and raise these points with the Minister in a separate submission:

1. **New entrant access to sidings, crossings and other infrastructure.** This infrastructure may be 'economic to duplicate' in a theoretical sense but land access and other issues mean that it is a significant barrier to entry in a practical sense.
2. **Consistency with other interstate regimes.**

Worsley continues to believe that the follow are points of concern with regard to the ability of the Code to meet the CPA objectives:

1. **Provision for the enforcement of consistency in the application of pricing principles.** The Code should provide a mandatory requirement, rather than a guideline, for the application of consistent pricing principles. Negotiated results can then be achieved with consistency between outcomes
2. **Ensure investment is based on highest net benefit not least cost.** A measure should be introduced in the code to ensure that investment is based on, and proceeds in a timely manner to, deliver highest net benefit. Worsley supports your recommendation (# 5) that the cost of required investment should be shared equitably between users. Worsley believes that the principles underlying such an equitable sharing arrangement should be developed by the Authority in consultation with the users.
3. **Ensure efficient and timely investment in necessary expansion.** Unless the Code enforces otherwise, expansions would be done on a "last minute



minimum requirements basis". This does not necessarily present the highest net benefit to society.

4. **Performance Measurement.** Measurement of a standard suite of indicators and access arrangements should be developed to be used as a scorecard for the regimes effectiveness. This scorecard should measure the effectiveness in meeting the CPA principles.
5. **TPP and TMG need to apply to all users.** Access to, and use of, prime train paths need to be equitable. One set of rules needs to apply to all users. With the exception of the passenger service Worsley is opposed to discriminatory access to train paths.

Points 1 & 2 seem to be addressed by the proposed changes to the Code as mentioned in the Draft Report. Points 3 – 5 are issues that Worsley believes need further thought and attention to ensure that the code can be most effective.

We commend the Authority's consultative approach and look forward to a continued involvement to ensure the Code is as effective as possible.

Regards

Brad Stein
Worsley Alumina Pty Ltd.