

## NOTICE

### **Corrigenda for the Final Determination and Approval of WestNet Rail's Proposed Floor and Ceiling Costs For Certain Rail Lines**

The Authority has corrected some figures that were contained in its Final Determination on WestNet Rail's proposed floor and ceiling costs for certain rail lines, issued on 26 June, after becoming aware of discrepancies in the rail costing model that was used.

Correcting the discrepancies will result in an increase of between 0.03 per cent and 0.75 per cent to the ceiling costs outlined under Appendix 3 of the Final Determination. The floor costs will not change.

The corrections required to the rail costing model are described below. The attached corrigenda sets out the changes required to the Final Determination.

WestNet Rail wrote to the Authority on 30 July outlining its revised proposed floor and ceiling costs for the rail lines subject to review. The Authority has approved the company's revised costs on the basis that they are consistent with the floor and ceiling costs determined in the Authority's corrected Final Determination.

#### **Rail Costing Model Corrections**

The rail costing model has been corrected, as follows:

- The costs provided by WestNet Rail for the communications system backbone costs, previously omitted in WestNet Rail's 2003 submission (refer paragraphs 95 and 130 of the Final Determination), for the Kwinana to Bunbury Inner Harbour and the Forrestfield to Kalgoorlie rail lines were considered to be 2006 real values. However, these costs were actually 2003 real values. This resulted in the escalation rate used in the model being too low. Consequently the model has been corrected to incorporate the correct escalation rate with the effect that the gross replacement value (GRV) for both these lines has increased. For the Kwinana to Bunbury Inner Harbour line the GRV has increased by \$0.74 million as a result of this correction and for the Forrestfield to Kalgoorlie line the GRV has increased by \$2.86 million.
- The reduction in WestNet rail's proposed escalation rate of 16.7 per cent for the communications and signalling equipment to an escalation rate of 7.8 per cent as determined by the Authority (refer paragraphs 104, 105, 127 and 132 of the Final Determination) was incorrectly calculated in the model. Consequently the model has been corrected for this calculation with the result that the GRV's for all the rail lines under review have increased by various amounts ranging from \$0.009 million for the Terminal Ends to \$3.62 million for the Forrestfield to Kalgoorlie line.

Accordingly, the Final Determination is hereby corrected in terms of the attached corrigenda. The corrections apply as at 31 July 2007 and all copies of the Final Determination issued or downloaded from the Authority's web site prior to this notice should be corrected accordingly.

### **CPI-X and WACC Adjustments**

In its letter of 30 July outlining its revised proposed floor and ceiling costs, WestNet Rail informed the Authority of adjustments applied to the ceiling costs for the rail lines subject to review. These adjustments, allowed under the terms of the company's approved Part 5 Instruments (Costing Principles), enable it to adjust the determined floor and ceiling costs by 75 per cent of the relevant consumer price index (CPI) and the weighted average cost of capital (WACC) as determined by the Authority. The WACC is determined on an annual basis, applicable from 1 July of each year. The CPI-X adjustment is made in the second and third years after the Authority's floor and ceiling cost determination. The Costing Principles provide for the Authority to review and approve these adjustments.

The Authority has reviewed the adjustments to the ceiling costs submitted by WestNet Rail in its letter of 30 July and approved these adjustments as being in accordance with the requirements set out in the company's approved Part 5 Instruments (Costing Principles).

### **Further Information**

Copies of the corrected [Final Determination](#) and [WestNet Rail's letter](#) of 30 July are available from the Authority's web site. Copies of these documents can also be obtained from the Authority at Level 6, 197 St Georges Terrace, Perth.

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LYNDON ROWE  
**CHAIRMAN**

31 July 2007

## Corrigenda for the Final Determination and Approval of WestNet Rail’s Proposed Floor and Ceiling Costs For Certain Rail Lines

1. Paragraph 99 - Delete \$10.67m (first line) and replace with \$10.99 m.  
Delete \$12.80 m (fourth line) and replace with \$13.19 m.  
Delete \$12.8 million (fifth line) and replace with \$13.19 million.  
Delete \$ 11.51 million (twelfth line) and replace with \$12.60 million.
2. Paragraph 100 - Delete \$4.05 million (third line) and replace with \$4.44 million.
3. Paragraph 104 - Delete \$11.51 million (tenth line) and replace with \$12.60 million.
4. Paragraph 126 - Delete \$4.05 million (first line) and replace with \$4.44 million.  
Delete \$12.80 million (second line) and replace with \$13.19 million.
5. Paragraph 129 - Delete \$11.51 million (eighth line) and replace with \$12.60 million.
6. Paragraph 131 - Delete \$11.51 million (fourth line) and replace with \$12.60 million.
7. Table 1 – Delete the last four items listed in Table 1 on page 31 and replace with the following:

Item	2006 WNR Price(\$)	Authority’s Determined Price(\$)
Communications GRV SWM (\$m)	13.19	12.60
Communications GRV EGR (\$m)	45.66	43.75
Signals GRV SWM (\$m)	37.81	35.14
Signals GRV EGR (\$m)	95.93	88.81

8. Table 2 – Delete Table 2 on page 39 and replace with the following table:

Rail Line	Floor (%)	Ceiling (%)	GRV (%)
Kwinana to Bunbury Inner Harbour	1.3%	-4.5%	-6.7%
Brunswick to Premier	-1.2%	-5.4%	-7.1%
Forrestfield to Kalgoorlie	-3.2%	-4.6%	-5.8%
Kalgoorlie to Leonora	-1.0%	-5.6%	-6.6%
Kalgoorlie to Esperance	-3.9%	-5.6%	-7.0%
Terminal Ends	-0.3%	-1.4%	-5.2%
Avon to Goomalling	0	-6.1%	-7.5%
Katanning to Tambellup	0	-7.2%	-8.4%
Kulin to Yilminning	0	-8.6%	-9.4%

9. Paragraph 174 – Delete 1.5% (second line) and replace with 1.4%.  
Delete 7.5% (second line) and replace with 7.1%. Delete 6.2% (fifth line) and replace with 6.1%.

10. Replace the tables in Appendix 3 with the following tables:

### Kwinana to Bunbury Inner Harbour

	Section Length	Total Ceiling	Capital	Maintenance	Working Capital	Operating	Overhead	Floor	Total GRV
<b>Total Route</b>	181.69	\$ 24,569,823	\$ 15,773,593	\$ 3,199,614	\$ 528,415	\$ 1,404,938	\$ 3,663,264	\$ 2,124,264	\$ 207,499,744
<b>Route Section</b>									
Kwinana to Mundijong Jn	29.11	\$3,930,312	\$2,667,653	\$509,567	\$89,366	\$159,048	\$504,678	\$302,430	\$34,491,616.30
Mundijong Jn to Pinjarra	47.73	\$5,527,464	\$3,775,421	\$745,576	\$126,477	\$184,921	\$695,070	\$444,925	\$50,088,747.16
Pinjarrato Pinjarra East	1.47	\$677,940	\$183,171	\$110,833	\$6,136	\$128,390	\$249,410	\$108,651	\$2,170,893.26
Pinjarra East to Alumina Jn	0.23	\$781,938	\$118,888	\$135,098	\$3,983	\$183,397	\$340,573	\$136,917	\$1,238,305.82
Pinjarra East to Pinjarra South	1.06	\$304,902	\$92,601	\$49,339	\$3,102	\$55,060	\$104,800	\$42,644	\$1,123,514.86
Pinjarra to Wagerup	33.52	\$3,245,723	\$2,377,653	\$366,566	\$79,651	\$109,074	\$312,779	\$154,156	\$32,838,809.87
Wagerup to Brunswick Jn	42.97	\$5,039,667	\$3,592,351	\$625,716	\$120,344	\$171,187	\$530,069	\$341,325	\$47,786,713.28
Brunswick Jn to Picton Jn	22.08	\$3,584,957	\$2,297,512	\$448,046	\$76,967	\$222,047	\$540,386	\$404,264	\$29,482,894.05
Picton Jn to Bunbury Inner Harb	3.52	\$1,476,919	\$668,343	\$208,872	\$22,390	\$191,814	\$385,500	\$188,953	\$8,278,249.65

### Brunswick to Premier

	Section Length	Total Ceiling	Capital	Maintenance	Working Capital	Operating	Overhead	Floor	Total GRV	
<b>Total Route</b>	68.41	\$ 7,312,541	\$ 4,991,331	\$ 858,291	\$ 167,210	\$ 189,229	\$ 1,106,479	\$ 271,742	\$ 65,369,796	
<b>Route Section</b>										
Brunswick North - East	17,610.00	0.91	\$154,936	\$82,299	\$16,043	\$2,757	\$8,589	\$45,248	\$5,311	\$1,052,344.66
Brunswick - Brunswick East	17,610.00	1.03	\$433,870	\$241,535	\$18,050	\$8,091	\$27,662	\$138,531	\$13,868	\$2,893,557.11
Brunswick East - Worsley	17,610.00	22.00	\$2,572,257	\$1,829,453	\$387,438	\$61,287	\$36,042	\$258,037	\$88,949	\$24,280,113.01
Worsley - Worsley North	17,610.00	2.32	\$459,376	\$228,267	\$40,785	\$7,647	\$29,389	\$153,288	\$29,786	\$2,681,294.84
Worsley North - Hamilton	9,392.00	8.58	\$893,626	\$511,759	\$80,621	\$17,144	\$41,970	\$242,132	\$49,736	\$6,750,921.02
Worsley East - Worsley North	9,392.00	1.07	\$122,708	\$66,250	\$10,021	\$2,219	\$6,734	\$37,484	\$8,446	\$835,538.81
Worsley - Worsley East	9,392.00	1.89	\$245,540	\$104,387	\$17,704	\$3,497	\$19,994	\$99,959	\$9,297	\$1,369,618.86
Worsley East - Ewington Jn	9,392.00	28.24	\$2,124,648	\$1,677,690	\$265,230	\$56,203	\$14,725	\$110,801	\$62,022	\$22,426,387.18
Ewington Jn - Premier	9,392.00	2.39	\$305,581	\$249,690	\$22,400	\$8,365	\$4,126	\$20,999	\$4,326	\$3,080,020.86

### Forrestfield to Kalgoorlie

	Section Length	Total Ceiling	Capital	Maintenance	Working Capital	Operating	Overhead	Floor	Total GRV
<b>Total Route</b>	856.78	\$ 116,306,639	\$ 88,457,263	\$ 16,093,831	\$ 2,963,318	\$ 1,746,243	\$ 7,045,984	\$ 7,188,762	\$ 1,132,028,557
<b>Route Section</b>									
FField Sth to Midland	25.71	\$5,789,170	\$3,949,748	\$985,672	\$132,317	\$295,249	\$426,184	\$534,169	\$49,003,279.48
Midland to Millendon Jn	28.25	\$5,868,820	\$3,907,420	\$1,068,497	\$130,899	\$287,422	\$474,582	\$602,288	\$47,504,315.75
Millendon Jn to Toodyay West	125.14	\$17,543,862	\$13,455,104	\$2,495,290	\$450,746	\$266,347	\$876,375	\$1,538,696	\$170,002,944.42
Toodyay West to Avon Yard	51.83	\$8,308,154	\$6,009,811	\$1,317,954	\$201,329	\$251,494	\$527,567	\$751,671	\$75,522,085.00
Avon Yard to West Merredin	190.94	\$26,187,573	\$20,643,781	\$3,287,735	\$691,567	\$206,854	\$1,357,636	\$1,263,583	\$265,193,810.66
West Merredin to Koolyanobbing	191.98	\$23,573,972	\$18,655,810	\$2,922,484	\$624,970	\$169,101	\$1,201,607	\$995,234	\$242,727,196.65
Koolyanobbing to West Kalgoorlie	204.33	\$24,821,395	\$18,424,510	\$3,533,303	\$617,221	\$189,513	\$2,056,848	\$1,376,209	\$239,402,816.18
West Kalgoorlie to Border	6.21	\$1,650,595	\$1,101,897	\$306,337	\$36,914	\$80,264	\$125,185	\$108,495	\$13,182,859.80
Avon to West Merredin Sidings	18.05	\$1,425,104	\$1,283,608	\$98,495	\$43,001	\$0	\$0	\$10,410	\$16,390,210.62
West Merredin to Koolyanobbing Sidings	9.61	\$777,343	\$701,467	\$52,376	\$23,499	\$0	\$0	\$5,496	\$8,964,627.23
Koolyanobbing to W Kal Sidings	4.75	\$360,651	\$324,105	\$25,688	\$10,858	\$0	\$0	\$2,509	\$4,134,411.38

### Kalgoorlie to Leonora

	Section Length	Total Ceiling	Capital	Maintenance	Working Capital	Operating	Overhead	Floor	Total GRV
<b>Total Route</b>	262.36	\$ 21,914,797	\$ 18,302,463	\$ 2,464,113	\$ 613,133	\$ 164,057	\$ 371,031	\$ 383,705	\$ 253,180,345
<b>Route Section</b>									
Kalgoorlie to Malcol	237.50	\$19,379,596	\$16,343,628	\$2,113,798	\$547,512	\$82,028	\$292,630	\$284,628	\$226,311,344.24
Malcolm to Leonora	24.54	\$2,513,122	\$1,939,481	\$348,240	\$64,973	\$82,028	\$78,401	\$98,952	\$26,599,893.46
Menzies sidings	0.33	\$22,078	\$19,355	\$2,075	\$648	\$0	\$0	\$126	\$269,107.42

## Kalgoorlie to Esperance

	Section Length	Total Ceiling	Capital	Maintenance	Working Capital	Operating	Overhead	Floor	Total GRV
<b>Total Route</b>	<b>399.73</b>	<b>\$ 37,637,455</b>	<b>\$ 29,230,782</b>	<b>\$ 4,692,865</b>	<b>\$ 979,231</b>	<b>\$ 515,116</b>	<b>\$ 2,219,461</b>	<b>\$ 1,881,727</b>	<b>\$ 392,745,418</b>
<b>Route Section</b>									
West Kalgoorlie to Hampton	17.88	\$2,401,316	\$1,615,529	\$322,730	\$54,120	\$171,887	\$237,049	\$217,681	\$21,008,300.96
Hampton to Kambalda	38.25	\$3,920,614	\$2,789,330	\$529,817	\$93,443	\$171,887	\$336,137	\$274,732	\$37,473,857.72
Kambalda to Salmon Gums	229.60	\$20,726,206	\$16,473,466	\$2,510,572	\$551,861	\$85,671	\$1,104,636	\$862,410	\$222,811,129.61
Salmon Gums to Esperance	111.60	\$10,422,834	\$8,203,908	\$1,316,787	\$274,831	\$85,671	\$541,638	\$526,009	\$109,425,533.32
Kambalda siding	0.61	\$40,903	\$36,406	\$3,277	\$1,220	\$0	\$0	\$226	\$498,031.51
Norseman Siding	0.52	\$36,835	\$32,912	\$2,820	\$1,103	\$0	\$0	\$195	\$449,418.18
Salmon Gums Siding	1.28	\$88,747	\$79,232	\$6,862	\$2,654	\$0	\$0	\$473	\$1,079,146.93

## Terminal Ends

	Section Length	Total Ceiling	Capital	Maintenance	Working Capital	Operating	Overhead	Floor	Total GRV
<b>Total Route</b>	<b>10.52</b>	<b>\$ 3,067,148</b>	<b>\$ 894,947</b>	<b>\$ 98,823</b>	<b>\$ 29,981</b>	<b>\$ 326,592</b>	<b>\$ 1,716,805</b>	<b>\$ 118,170</b>	<b>\$ 11,546,026</b>
<b>Route Section</b>									
Inner Harbour 485 Pt to Alcoa (Inbound)	0.51	\$512,812	\$79,609	\$7,851	\$2,667	\$68,152	\$354,534	\$20,304	\$824,481.64
Inner Harbour 486 Pt to ALCOA (Outbound)	0.38	\$332,664	\$66,853	\$3,040	\$2,240	\$42,224	\$218,307	\$12,129	\$731,640.95
Inner Harbour 487 Pt to Worsley (Outbound)	0.33	\$217,771	\$53,518	\$2,525	\$1,793	\$25,928	\$134,008	\$7,531	\$612,057.55
Inner Harbour 485 Pt to 486 pts	0.08	\$471,591	\$49,375	\$574	\$1,654	\$68,152	\$351,837	\$18,694	\$403,630.61
Inner Harbour 486 Pt to 487 pts	0.06	\$180,701	\$19,917	\$353	\$667	\$25,928	\$133,836	\$7,145	\$170,655.74
Inner Harbour 487 Pt to Woodchips	3.18	\$294,713	\$258,667	\$24,812	\$8,665	\$399	\$2,169	\$5,596	\$3,907,357.66
Kwinana no3 points to bauxite junction	1.85	\$469,299	\$142,841	\$26,394	\$4,785	\$45,401	\$249,878	\$26,772	\$1,767,804.07
Alcoa Bauxite Jn - Alcoa Bauxite Sdg	1.30	\$311,833	\$81,786	\$15,600	\$2,740	\$32,808	\$178,899	\$12,623	\$1,068,733.93
Alcoa Bauxite Jn - Alcoa Caustic Sdg Pts	1.89	\$190,432	\$95,695	\$12,032	\$3,206	\$12,593	\$66,907	\$5,228	\$1,380,484.03
Alcoa Caustic Sdg Pts -Alcoa Alumina Sdg Pts	0.94	\$85,331	\$46,687	\$5,642	\$1,564	\$5,009	\$26,429	\$2,149	\$679,179.70

## Grain Lines

	Section Length	Total Ceiling	Capital	Maintenance	Working Capital	Operating	Overhead	Floor	Total GRV
<b>Total Route</b>	<b>307.30</b>	<b>\$ 12,947,532</b>	<b>\$ 11,193,974</b>	<b>\$ 973,882</b>	<b>\$ 374,998</b>	<b>\$ 246,689</b>	<b>\$ 157,990</b>	<b>\$ 177,393</b>	<b>\$ 154,538,316</b>
<b>Route Section</b>									
Avon to Goomalling	57.69	\$4,118,414	\$3,438,538	\$311,526	\$115,191	\$151,655	\$101,504	\$96,253	\$47,634,223.78
Katanning to Tambellup	46.71	\$2,890,356	\$2,456,384	\$252,245	\$82,289	\$63,356	\$36,082	\$43,360	\$34,093,617.22
Kulin to Yilminning	99.81	\$5,938,762	\$5,299,052	\$410,111	\$177,518	\$31,678	\$20,404	\$37,780	\$72,810,474.66