



**Alcoa World Alumina  
Australia**

Corporate Office  
PO Box 252  
Applecross, WA 6153  
Australia  
Tel: 618 9316 5111  
Fax: 618 9316 5162

14 June 2011

Mr Jeremy Threlfall  
Assistant Director Access  
Economic Regulation Authority

By Email to : [publicsubmissions@erawa.com.au](mailto:publicsubmissions@erawa.com.au)

**Review of the Requirements for Railway Owners to Submit Floor and Ceiling Cost Proposals**

Dear Jeremy,

Alcoa has reviewed the Issues Paper released by the ERA in relation to the above topic.

**Our view is that railway owners (in our case WNR) should definitely be required to continue the existing process of regular determination of floor and ceiling costs.**

Relevant points are as follows :

- The ERA Issues Paper makes the point that, to date, no access agreements have been entered into within the Code. Our view is that it is not that relevant whether an access agreement is inside or outside the Code. What is relevant, however, is –
  - Transparency of information in the public domain for potential access seekers, or access seekers who may be entering into access arrangements inside or outside the Code, and
  - Timely access to that information.

Both of which are provided by the existing process of regular formal reviews. And both of which would not be available if regular floor and ceiling updates were no longer required.

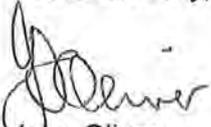
- It is our view that there is significant advantage, in terms of process, for the potential access seeker in having determined floor and ceiling costs available on the ERA website. Decisions to formally apply for access, either within the Code or outside it, are often taken at the end of an

internal review process. Access to up to date and readily available information, without having to formally apply to the Railway Owner, is seen as important in the evaluation phase of the business case.

- In Alcoa's case, we have entered into an access agreement directly with WNR. The agreement is outside the Code, however the information available from the ERA's website, in relation to floor and ceiling determinations, was a critical reference point for us in the decision, and ongoing access to regularly updated floor and ceiling information is also viewed as important to ensure our access rates remain relevant.
- We have no doubt that other access agreements are either in place, or planned to be in place, with WNR. We expect most of these to be outside the Code – they will all have similar issues in terms of ensuring continued relevance of their negotiated rates to the determined floor and ceiling rates.
- Whilst there are compliance costs for the Railway Owner and the ERA, the benefits available from a continuation of the existing process far outweigh the incremental costs of collating, submitting and reviewing the floor and ceiling costs.

We are available to clarify any aspects of our submission if required.

Yours faithfully,



John Oliver

Transportation and Logistics Manager



**Alcoa of Australia**

t +61 8 9316 5406 f +61 8 9316 5162 m +61 (0) 404 800 128

Corner Davy and Marmion Streets, Booragoon, Western Australia  
PO Box 252, Applecross WA 6953

[www.alcoa.com.au](http://www.alcoa.com.au)

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