Economic Regulation Authority

Determination on the 2026 weighted average cost of capital for the freight and urban railway networks, and for the Pilbara railways

13 August 2026

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Contents

1. Introduction 1

1.1 Requirements of the Code 1

1.2 The 2023 rail WACC review 2

2. The 2026 rail WACC 3

List of appendices

Appendix 1 International bond sample 5

Appendix 2 Debt risk premium estimates 16

1. Introduction

1. Each year, the Economic Regulation Authority determines a long-term Weighted Average Cost of Capital (WACC) to be applied in the establishment of capital costs for regulated railways in that year.

2. Regulated railways are those listed in Schedule 1 to the *Railways (Access) Code 2000*, and are currently the Public Transport Authority network, the Arc Infrastructure network, and The Pilbara Infrastructure and Roy Hill Infrastructure railways (the Pilbara railways).

1.1 Requirements of the Code

3. Schedule 4, clause 3(1) of the Code requires the ERA to make an annual calculation, as at 30 June, of the WACC to be applied to determine the costs for each of the rail networks covered under Schedule 1 of the Code. The ERA must then publish its determination of the WACC for each rail network in the Government Gazette as soon as practicable after it is made (Schedule 4, clause 3(1)(b)):

> 3 Regulator to determine weighted average cost of capital
>
> (1) For the purposes of clause 2(4)(a), the Regulator is to –
>
> (a) determine, as at 30 June in each year, the weighted average cost of capital for each of –
>
> (i) the railway infrastructure associated with the urban network described in items 49, 50A, 50 and 51 in Schedule 1;
>
> (ia) the railway infrastructure associated with the part of the railways network described in item 52 in that Schedule; and
>
> (ii) the railway infrastructure associated with the railways network described in the other items in that Schedule;
>
> and
>
> (b) publish notice of each such determination in the *Gazette* as soon as is practicable after it is made.

4. The Code also requires the ERA to undertake public consultation every fifth year, commencing in 2003, before determining the WACC values for that year (Schedule 4). The ERA undertook this five-yearly public consultation process prior to making its WACC determination for 30 June 2023.

5. This determination updates the annual calculation, as at 30 June 2026, of the WACC to be applied to determine the costs for each of the rail networks covered under Schedule 1 of the Code for 2026/27.

6. The update follows the method set out in the 2023 rail WACC final determination.[1]

[1] Economic Regulation Authority, *Final Determination 2023 Weighted Average Cost of Capital for the Freight and Urban Networks, and the Pilbara Railways,* September 2023.

1.2 The 2023 rail WACC review

7. The ERA undertook public consultation prior to making its annual WACC determination for the regulatory year commencing 1 July 2023.

8. The ERA released the final determination in relation to the rail WACC method review in September 2023.[2] The final determination set out the method for the following regulated rail networks:

- The Public Transport Authority.
- Arc Infrastructure.
- The Pilbara railways.

[2] Economic Regulation Authority, *Final Determination 2023 Weighted Average Cost of Capital for the Freight and Urban Networks, and the Pilbara Railways,* September 2023.

2. The 2026 rail WACC

9. The ERA has determined the 2026 rail WACC values. Using the real pre-tax WACC values as an illustration, the rail WACCs to apply to the 2026 regulatory year (1 July 2026 to 30 June 2027) are:

- The Public Transport Authority: 5.59 per cent
- Arc Infrastructure: 8.13 per cent
- The Pilbara railways: 9.57 per cent.

10. The annual rail WACC estimate involves the recalculation of the risk free rate, debt risk premium and forecast inflation every year to reflect market conditions. Other WACC parameters tend to be more stable and will remain fixed until the next rail WACC method review.

11. The complete set of parameter inputs contributing to these estimates is shown in Table 1.

12. The complete set of international bond samples contributing to the debt risk premium estimates is shown in Appendix 1.

13. The detailed debt risk premium estimates across the three rail businesses are shown in Appendix 2.

Table 1: The ERA's final determination of the rail WACC for the period as at 30 June 2026

	Public Transport Authority	Arc Infrastructure	Pilbara railways
Cost of equity parameters			
Nominal risk free rate (%)	*4.96*	*4.96*	*4.96*
Market risk premium (%)	5.9	5.9	5.9
Equity beta	0.6	0.9	1.1
Nominal after tax return on equity (%)	**8.50**	**10.27**	**11.45**
Cost of debt parameters			
Nominal risk free rate (%)	*4.96*	*4.96*	*4.96*
Benchmark credit rating	A	BBB+	BBB-
Term of debt (year)	10	10	10
Debt risk premium (%)	*1.068*	*1.398*	*1.848*
Debt issuing costs (%)	0.165	0.165	0.165
Nominal return of debt (%)	**6.19**	**6.52**	**6.97**
Other parameters			
Debt proportion (gearing) (%)	50	25	20
Forecast inflation rate (%)	*2.37*	*2.37*	*2.37*
Gamma	0.5	0.5	0.5
Corporate tax rate (%)	30	30	30
Weighted average cost of capital (%)			
Nominal after-tax WACC	7.35	9.33	10.55
Real after-tax WACC	4.86	6.80	8.00
Nominal pre-tax WACC	8.10	10.69	12.17
Real pre-tax WACC	**5.59**	**8.13**	**9.57**

Source: ERA analysis. Grey italicised cells are subject to annual update to reflect market conditions.

Appendix 1 International bond sample

Table 2: Public Transport Authority sample

Ticker	Issuer (Short name)
ZJ001370 Corp	AGI Finance Pty Ltd
BM572667 Corp	AGI Finance Pty Ltd
YT483937 Corp	AGI Finance Pty Ltd
ZJ494337 Corp	AGI Finance Pty Ltd
BQ008260 Corp	AGI Finance Pty Ltd
YL971819 Corp	AGI Finance Pty Ltd
BP151663 Corp	Australian Gas Networks Ltd
YQ430838 Corp	Australian Gas Networks Ltd
ZL510320 Corp	Brambles Finance PLC
YQ674982 Corp	Brambles USA Inc
ZD961668 Corp	CSL Finance PLC
ZD961667 Corp	CSL Finance PLC
BW018087 Corp	CSL Finance PLC
BW018337 Corp	CSL Finance PLC
BW023383 Corp	CSL Finance PLC
BW021641 Corp	CSL Finance PLC
BW023426 Corp	CSL Finance PLC
ZB945450 Corp	ETSA Utilities Finance Pty Ltd
YQ512535 Corp	ETSA Utilities Finance Pty Ltd
ZK181186 Corp	ETSA Utilities Finance Pty Ltd
DK771865 Corp	ETSA Utilities Finance Pty Ltd
ZI107354 Corp	La Trobe University
BK140531 Corp	Optus Finance Pty Ltd
AZ151179 Corp	Optus Finance Pty Ltd
BS422627 Corp	Optus Finance Pty Ltd
DK425462 Corp	PACCAR Financial Pty Ltd

Ticker	Issuer (Short name)
YL595894 Corp	PACCAR Financial Pty Ltd
EI452667 Corp	Rio Tinto Finance USA Ltd
EH437851 Corp	Rio Tinto Finance USA Ltd
BS198166 Corp	Rio Tinto Finance USA Ltd
YQ306735 Corp	Rio Tinto Finance USA PLC
YQ306733 Corp	Rio Tinto Finance USA PLC
YQ306728 Corp	Rio Tinto Finance USA PLC
YQ306729 Corp	Rio Tinto Finance USA PLC
YQ306737 Corp	Rio Tinto Finance USA PLC
ZL449457 Corp	Rio Tinto Finance USA PLC
ZL449461 Corp	Rio Tinto Finance USA PLC
EJ329466 Corp	Rio Tinto Finance USA PLC
EJ101048 Corp	Rio Tinto Finance USA PLC
ZD173757 Corp	Telstra Group Ltd
YV527414 Corp	Telstra Group Ltd
ZD173756 Corp	Telstra Group Ltd
YV453818 Corp	Telstra Group Ltd
ZK143698 Corp	Telstra Group Ltd
BH885805 Corp	Telstra Group Ltd
AX729250 Corp	Telstra Group Ltd
YL636885 Corp	Telstra Group Ltd
YM082888 Corp	Toyota Finance Australia Ltd
YS593317 Corp	Toyota Finance Australia Ltd
YS593318 Corp	Toyota Finance Australia Ltd
ZD639841 Corp	Toyota Finance Australia Ltd
YV698078 Corp	Toyota Finance Australia Ltd
ZI799370 Corp	Toyota Finance Australia Ltd
YV698075 Corp	Toyota Finance Australia Ltd

Ticker	Issuer (Short name)
YI189077 Corp	Toyota Finance Australia Ltd
YI189078 Corp	Toyota Finance Australia Ltd
YS745587 Corp	United Energy Distribution Pty Ltd
ZR723028 Corp	United Energy Distribution Pty Ltd
ZD437914 Corp	Victoria Power Networks Finance Pty Ltd
ZJ908084 Corp	Victoria Power Networks Finance Pty Ltd
ZH408409 Corp	Victoria Power Networks Finance Pty Ltd
AS177694 Corp	Victoria Power Networks Finance Pty Ltd
BM363856 Corp	Victoria Power Networks Finance Pty Ltd
BQ269730 Corp	Victoria Power Networks Finance Pty Ltd
BQ959130 Corp	Victoria Power Networks Finance Pty Ltd
BT827834 Corp	Victoria Power Networks Finance Pty Ltd
YK943581 Corp	Victoria Power Networks Finance Pty Ltd
YK943587 Corp	Victoria Power Networks Finance Pty Ltd
YN052475 Corp	Wesfarmers Ltd
BP960362 Corp	Wesfarmers Ltd
BR897356 Corp	Wesfarmers Ltd

Table 3: Arc Infrastructure sample

Ticker	Issuer (Short name)
YX187560 Corp	Amcor UK Finance PLC
DA253773 Corp	Amcor UK Finance PLC
DA253774 Corp	Amcor UK Finance PLC
YV698306 Corp	APA Infrastructure Ltd
BO485266 Corp	APA Infrastructure Ltd
BO485268 Corp	APA Infrastructure Ltd
EK805526 Corp	APA Infrastructure Ltd
YV698305 Corp	APA Infrastructure Ltd
BJ085023 Corp	APA Infrastructure Ltd
AX613734 Corp	APA Infrastructure Ltd
EK807839 Corp	APA Infrastructure Ltd
BO485269 Corp	APA Infrastructure Ltd
DI167900 Corp	APA Infrastructure Ltd
YX146400 Corp	Arc Infrastructure Wa Pty Ltd
ZO072844 Corp	Aurizon Network Pty Ltd
YT556032 Corp	Aurizon Network Pty Ltd
YS828936 Corp	Ausgrid Finance Pty Ltd
ZD669945 Corp	Ausgrid Finance Pty Ltd
BR555926 Corp	Ausgrid Finance Pty Ltd
AS344445 Corp	Ausgrid Finance Pty Ltd
DA961991 Corp	Ausgrid Finance Pty Ltd
DA962019 Corp	Ausgrid Finance Pty Ltd
ZK599882 Corp	AusNet Services Holdings Pty Ltd
ZB809638 Corp	AusNet Services Holdings Pty Ltd
BG070568 Corp	AusNet Services Holdings Pty Ltd
AZ593934 Corp	AusNet Services Holdings Pty Ltd
YQ870361 Corp	AusNet Services Holdings Pty Ltd

Ticker	Issuer (Short name)
BK686434 Corp	AusNet Services Holdings Pty Ltd
AR226811 Corp	AusNet Services Holdings Pty Ltd
AR408024 Corp	AusNet Services Holdings Pty Ltd
BK686761 Corp	AusNet Services Holdings Pty Ltd
ZJ016898 Corp	AusNet Services Holdings Pty Ltd
AR408188 Corp	AusNet Services Holdings Pty Ltd
BK686424 Corp	AusNet Services Holdings Pty Ltd
BK686432 Corp	AusNet Services Holdings Pty Ltd
ZD372774 Corp	Australia Pacific Airports Melbourne Pty Ltd
ZK475940 Corp	Australia Pacific Airports Melbourne Pty Ltd
DG860038 Corp	Australia Pacific Airports Melbourne Pty Ltd
ZD308453 Corp	Brisbane Airport Corp Pty Ltd
BK182364 Corp	Brisbane Airport Corp Pty Ltd
YJ667461 Corp	Brisbane Airport Corp Pty Ltd
DL260139 Corp	CNH Industrial Capital Australia Pty Ltd
YQ671442 Corp	Coles Group Treasury Pty Ltd
ZG257511 Corp	Coles Group Treasury Pty Ltd
ZO057190 Corp	Coles Group Treasury Pty Ltd
ZQ348432 Corp	Coles Group Treasury Pty Ltd
ZG257510 Corp	Coles Group Treasury Pty Ltd
DG641501 Corp	Dalrymple Bay Finance Pty Ltd
YM764770 Corp	Dyno Nobel Ltd
YM764769 Corp	Dyno Nobel Ltd
ZB653276 Corp	Glencore Capital Finance DAC
YO950411 Corp	Glencore Capital Finance DAC
BO221169 Corp	Glencore Capital Finance DAC
BO221170 Corp	Glencore Capital Finance DAC
YK523996 Corp	Glencore Capital Finance DAC

Ticker	Issuer (Short name)
EJ410755 Corp	Glencore Finance Canada Ltd
EH033131 Corp	Glencore Finance Canada Ltd
EI866858 Corp	Glencore Finance Canada Ltd
ZB043900 Corp	Glencore Funding LLC
ZB043902 Corp	Glencore Funding LLC
YQ684417 Corp	Glencore Funding LLC
YQ757057 Corp	Glencore Funding LLC
ZO140969 Corp	Glencore Funding LLC
YQ684415 Corp	Glencore Funding LLC
ZH164939 Corp	Glencore Funding LLC
ZH164936 Corp	Glencore Funding LLC
ZB043895 Corp	Glencore Funding LLC
BR468472 Corp	Glencore Funding LLC
BP207479 Corp	Glencore Funding LLC
BP207481 Corp	Glencore Funding LLC
ZH164934 Corp	Glencore Funding LLC
ZK471938 Corp	Glencore Funding LLC
AX523734 Corp	Glencore Funding LLC
BR468470 Corp	Glencore Funding LLC
DH303766 Corp	Glencore Funding LLC
DH303770 Corp	Glencore Funding LLC
DH303773 Corp	Glencore Funding LLC
BP375805 Corp	Newcastle Coal Infrastructure Group Pty Ltd
BJ368112 Corp	Newcrest Finance Pty Ltd
BJ368115 Corp	Newcrest Finance Pty Ltd
EI870493 Corp	Newcrest Finance Pty Ltd
YV766850 Corp	NSW Ports Finance Co Pty Ltd
YV766852 Corp	NSW Ports Finance Co Pty Ltd

Ticker	Issuer (Short name)
YM151124 Corp	Port of Newcastle Investments Financing Pty Ltd
BS376502 Corp	Port of Newcastle Investments Financing Pty Ltd
YR470758 Corp	QPH Finance Co Pty Ltd
YR470757 Corp	QPH Finance Co Pty Ltd
BK534389 Corp	QPH Finance Co Pty Ltd
ZH661970 Corp	QPH Finance Co Pty Ltd
YT673569 Corp	Qube Treasury Pty Ltd
YT673568 Corp	Qube Treasury Pty Ltd
BV712840 Corp	South32 Treasury Ltd
ZB459059 Corp	Sydney Airport Finance Co Pty Ltd
YQ993142 Corp	Sydney Airport Finance Co Pty Ltd
ZB595114 Corp	Sydney Airport Finance Co Pty Ltd
ZK141749 Corp	Sydney Airport Finance Co Pty Ltd
ZB595113 Corp	Sydney Airport Finance Co Pty Ltd
DG918448 Corp	Sydney Airport Finance Co Pty Ltd
DI824623 Corp	Sydney Airport Finance Co Pty Ltd
ZD419945 Corp	Transurban Finance Co Pty Ltd
BH496203 Corp	Transurban Finance Co Pty Ltd
ZK169109 Corp	Transurban Finance Co Pty Ltd
ZD419952 Corp	Transurban Finance Co Pty Ltd
ZO408308 Corp	Transurban Finance Co Pty Ltd
ZS562160 Corp	Transurban Finance Co Pty Ltd
AZ347082 Corp	Transurban Finance Co Pty Ltd
YO705809 Corp	Transurban Queensland Finance Pty Ltd
YV316803 Corp	Transurban Queensland Finance Pty Ltd
BP151661 Corp	Transurban Queensland Finance Pty Ltd
ZH661603 Corp	Transurban Queensland Finance Pty Ltd
DL115377 Corp	Transurban Queensland Finance Pty Ltd

Ticker	Issuer (Short name)
DL115380 Corp	Transurban Queensland Finance Pty Ltd
DK578016 Corp	Ventia Finco Pty Ltd
BO733251 Corp	WestConnex Finance Co Pty Ltd
ZH096775 Corp	WestConnex Finance Co Pty Ltd
DI797958 Corp	WestConnex Finance Co Pty Ltd
DI797959 Corp	WestConnex Finance Co Pty Ltd
YO502175 Corp	Woodside Finance Ltd
YO502179 Corp	Woodside Finance Ltd
YO502178 Corp	Woodside Finance Ltd
YV527126 Corp	Woodside Finance Ltd
YV527127 Corp	Woodside Finance Ltd
AX393924 Corp	Woodside Finance Ltd
YT406629 Corp	Woolworths Group Ltd
YQ756204 Corp	Woolworths Group Ltd
BR318092 Corp	Woolworths Group Ltd
BR642545 Corp	Woolworths Group Ltd
BJ442776 Corp	Woolworths Group Ltd
ZL914868 Corp	Worley Financial Services Pty Ltd
YQ386633 Corp	Worley Financial Services Pty Ltd

Table 4: The Pilbara railways sample

Ticker	Issuer (Short name)
YX187560 Corp	Amcor UK Finance PLC
DA253773 Corp	Amcor UK Finance PLC
DA253774 Corp	Amcor UK Finance PLC
EI231210 Corp	AngloGold Ashanti Holdings PLC
ZO684445 Corp	AngloGold Ashanti Holdings PLC
BS010513 Corp	AngloGold Ashanti Holdings PLC
YV698306 Corp	APA Infrastructure Ltd
BO485266 Corp	APA Infrastructure Ltd
BO485268 Corp	APA Infrastructure Ltd
EK805526 Corp	APA Infrastructure Ltd
YV698305 Corp	APA Infrastructure Ltd
BJ085023 Corp	APA Infrastructure Ltd
AX613734 Corp	APA Infrastructure Ltd
EK807839 Corp	APA Infrastructure Ltd
BO485269 Corp	APA Infrastructure Ltd
DI167900 Corp	APA Infrastructure Ltd
YX146400 Corp	Arc Infrastructure Wa Pty Ltd
YQ780954 Corp	Aurizon Holdings Ltd
YQ780770 Corp	Aurizon Holdings Ltd
YS828936 Corp	Ausgrid Finance Pty Ltd
ZD669945 Corp	Ausgrid Finance Pty Ltd
BR555926 Corp	Ausgrid Finance Pty Ltd
AS344445 Corp	Ausgrid Finance Pty Ltd
DA961991 Corp	Ausgrid Finance Pty Ltd
DA962019 Corp	Ausgrid Finance Pty Ltd
YS699162 Corp	AusNet Services Holdings Pty Ltd
YS699248 Corp	AusNet Services Holdings Pty Ltd

Ticker	Issuer (Short name)
BO357863 Corp	AusNet Services Holdings Pty Ltd
DC977489 Corp	AusNet Services Holdings Pty Ltd
DC977490 Corp	AusNet Services Holdings Pty Ltd
YO976643 Corp	Australia Pacific Airports Melbourne Pty Ltd
YO976696 Corp	Australia Pacific Airports Melbourne Pty Ltd
DI482684 Corp	Australian Metcoal Financing Pty Ltd
DI482690 Corp	Australian Metcoal Financing Pty Ltd
ZD308453 Corp	Brisbane Airport Corp Pty Ltd
BK182364 Corp	Brisbane Airport Corp Pty Ltd
YJ667461 Corp	Brisbane Airport Corp Pty Ltd
BP548462 Corp	CIMIC Finance Ltd
DI390468 Corp	CIMIC Finance Ltd
ZD823014 Corp	CIMIC Finance USA Pty Ltd
DL260139 Corp	CNH Industrial Capital Australia Pty Ltd
DG641501 Corp	Dalrymple Bay Finance Pty Ltd
YM764770 Corp	Dyno Nobel Ltd
YM764769 Corp	Dyno Nobel Ltd
ZL946367 Corp	Northern Star Resources Ltd
YV766850 Corp	NSW Ports Finance Co Pty Ltd
YV766852 Corp	NSW Ports Finance Co Pty Ltd
BR221504 Corp	Pacific National Finance Pty Ltd
ZR653898 Corp	Pacific National Finance Pty Ltd
YM151124 Corp	Port of Newcastle Investments Financing Pty Ltd
BS376502 Corp	Port of Newcastle Investments Financing Pty Ltd
YR470758 Corp	QPH Finance Co Pty Ltd
YR470757 Corp	QPH Finance Co Pty Ltd
BK534389 Corp	QPH Finance Co Pty Ltd
ZH661970 Corp	QPH Finance Co Pty Ltd

Ticker	Issuer (Short name)
YT673569 Corp	Qube Treasury Pty Ltd
YT673568 Corp	Qube Treasury Pty Ltd
AX518215 Corp	Santos Finance Ltd
ZI773013 Corp	Santos Finance Ltd
BP221177 Corp	Santos Finance Ltd
YJ967513 Corp	Santos Finance Ltd
YO705809 Corp	Transurban Queensland Finance Pty Ltd
YV316803 Corp	Transurban Queensland Finance Pty Ltd
BP151661 Corp	Transurban Queensland Finance Pty Ltd
ZH661603 Corp	Transurban Queensland Finance Pty Ltd
DL115377 Corp	Transurban Queensland Finance Pty Ltd
DL115380 Corp	Transurban Queensland Finance Pty Ltd
DK578016 Corp	Ventia Finco Pty Ltd
YT406629 Corp	Woolworths Group Ltd
YQ756204 Corp	Woolworths Group Ltd
BR318092 Corp	Woolworths Group Ltd
BR642545 Corp	Woolworths Group Ltd
BJ442776 Corp	Woolworths Group Ltd
ZL914868 Corp	Worley Financial Services Pty Ltd
YQ386633 Corp	Worley Financial Services Pty Ltd

Appendix 2 Debt risk premium estimates

Debt risk premium estimation method

1. The ERA has estimated the debt risk premium as at 30 June 2026 consistent with the method detailed in the 2023 rail WACC final determination.

2. Our revised bond yield approach involves the following steps:

   - Step 1: Determining the benchmark sample – Identifying a sample of relevant domestic and international corporate bonds that reflect the credit rating of the benchmark credit entity.
   - Step 2: Collecting data and converting yields to Australian dollar equivalents.
   - Step 3: Averaging yields over the averaging period – Calculating an average Australian dollar equivalent bond yield for each bond across the averaging period.
   - Step 4: Estimating curves – Estimating yield curves on this data by applying the Gaussian Kernel, Nelson-Siegel and Nelson-Siegel-Svensson techniques.
   - Step 5: Estimating cost of debt – calculating the 10-year return on debt estimate for each of the yield curves in the benchmark sample and augmented benchmark sample. Adjusting the bias of return on debt estimates from the augmented sample.
   - Step 6: Calculating the debt risk premium – calculating the debt risk premium by subtracting the 10-year risk free rate from the 10-year return on debt.

3. These steps determine the debt risk premium at a point in time, being the date of calculation.

4. To mitigate errors that may arise given the data limitations, we augment the bond sample:

   - The Public Transport Authority sample is extended from the A benchmark to A+/A/A-.
   - The Arc Infrastructure sample is extended from the BBB+ benchmark to BBB+/BBB.
   - The Pilbara railways sample is extended from the BBB- benchmark to BBB/BBB-.

5. To mitigate potential bias, we first establish the direction of the bias:

   - If the bias in an augmented sample-based estimate is likely to be downward, we use the highest augmented sample-based estimate coming from the three estimation methods. This estimate is then averaged with the highest estimate from the original benchmark rated sample.
   - The opposite approach is conducted if the bias is likely to be upward.

2026 Debt risk premium estimates

6. The 2026 debt risk premium estimates for each of the Western Australian rail networks are summarised as below.

7. In 2026 the samples are augmented as follows:

- The Public Transport Authority sample was extended from the A benchmark to A+/A/A- increasing the sample from 12 to 71 bonds.
- The Arc Infrastructure sample was extended from the BBB+ benchmark to BBB+/BBB increasing the sample from 79 to 130 bonds.
- The Pilbara railways sample was extended from the BBB- benchmark to BBB/BBB- increasing the sample from 24 to 75 bonds.

Table 5: 2026 Public Transport Authority – Augmented and original benchmark sample debt risk premium estimates (%)

Approach	High	Mid	Low
A	1.107	1.077	1.069
A+/A/A-	1.154	1.142	1.066
Average of two lowest estimates			**1.068**

Source: ERA analysis, Bloomberg. The estimates use an averaging period to 30 June 2026.

8. The augmented Public Transport Authority sample is extended to allow the inclusion of A+ and A- rated bonds. Compared to the small addition of A+ bonds added to the sample, there are substantially more A- rated bonds added. The larger number of A- rated bonds with a lower credit rating will tend to bias the estimates upward on average. For this reason, the lowest of the augmented sample-based estimates (1.066 per cent) is averaged with the lowest A rated sample-based estimate (1.069 per cent) to produce an estimate of 1.068 per cent (see table above).

Table 6: 2026 Arc Infrastructure – Augmented and original benchmark sample debt risk premium estimates (%)

Approach	High	Mid	Low
BBB+	1.449	1.424	1.396
BBB+/BBB	1.443	1.429	1.399
Average of two lowest estimates			**1.398**

Source: ERA analysis, Bloomberg. The estimates use an averaging period to 30 June 2026.

9. The augmented Arc Infrastructure BBB+ sample is extended to allow the inclusion of BBB rated bonds. The addition of bonds with a lower credit rating will tend to bias the estimates upward on average. In addition, the yield variance might reflect the slightly different levels of risks for the bonds with the same credit rating. To mitigate for the addition of BBB bonds, the lowest BBB+ rated sample-based estimate (1.396 per cent) was averaged with the lowest of the augmented sample-based estimates (1.399 per cent) to produce an estimate of 1.398 per cent (see table above).

Table 7: 2026 Pilbara railways – Augmented and original benchmark sample debt risk premium estimates (%)

Approach	High	Mid	Low
BBB-	2.035	1.987	1.978
BBB/BBB-	1.661	1.609	1.517
Average of two highest estimates	**1.848**		

Source: ERA analysis, Bloomberg. The estimates use an averaging period to 30 June 2026.

10. The augmented Pilbara railways BBB- sample is extended to allow the inclusion of BBB rated bonds. The addition of bonds with a higher credit rating tended to bias the estimates downward on average. For this reason, the highest of the augmented sample-based debt risk premium estimates (1.661 per cent) was averaged with the highest BBB- rated sample-based estimate (2.035 per cent) to produce an estimate of 1.848 per cent (see table above).

11. For this final determination, using the averaging period to 30 June 2026, the 2026 debt risk premium estimates across the three rail businesses are:

- 1.068 per cent for the Public Transport Authority
- 1.398 per cent for Arc Infrastructure
- 1.848 per cent for Pilbara railways.