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**From:** Jerry Bowman [REDACTED]  
**Sent:** Friday, 29 March 2013 2:48 PM  
**To:** General Research Address  
**Subject:** Submission on the Risk-free Rate and the Market Risk Premium  
**Attachments:** Market risk premium.docx

29 March 2013

Queensland Competition Authority  
GPO Box 2257  
Brisbane QLD 4001

Re: Submission on the Risk-free Rate and the Market Risk Premium'

Dear QCA

I have views on the risk free rate. In my opinion the use of the regulatory period to determine the appropriate maturity is in error, as is the application of the NPV=0 principle. However, this is an issue that seems to me to have been well aired, and the QCA seems to have reached its conclusion. I don't wish to waste your time or mind going over fruitless issues.

On the second issue, the Market Risk Premium, I believe there are important theoretical and empirical issues that have not been considered in the pronouncements of the QCA. Therefore, I am attaching a short paper on that topic. It explains why I believe the appropriate value for this important variable is currently over 7%. This estimate is not a short-term and transitory value as it is solidly grounded in current long-term interest rates.

I wish to add that although I occasionally provide financial economic advice to companies and regulators, including on the issues here, this submission is entirely a personal submission and represents my own views.

Regards

Robert G Bowman  
[REDACTED]