

File Ref: 1386247

19 September 2019

Mr Nick Easy
Chief Executive Officer
Queensland Rail Ltd
GPO Box 1429
Brisbane Qld 4001

Dear Mr Easy

2020 DAU WACC averaging period

I am writing to you regarding correspondence from Queensland Rail dated 5 September 2019 relating to the proposed averaging period for Queensland Rail's 2020 draft access undertaking (2020 DAU).

Queensland Rail has supported the use of an averaging period of the 20-business days from 21 October 2019.

We are favourably disposed towards using the 20 business days starting 21 October 2019 to estimate the time-sensitive parameters in Queensland Rail's 2020 DAU. In particular, this would apply to the risk-free rate and the debt risk premium.

The averaging period, and its proposed application, is one of many matters the QCA will consider when making its final decision on Queensland Rail's 2020 DAU. Therefore, while the QCA accepts the merits of this averaging period, it is not in a position to indicate that it has reached a finalised view on this matter, as this will only occur once the QCA has made its decision in respect of Queensland Rail's 2020 DAU.

We also note that information regarding the averaging period should remain confidential until after the averaging period has finished. In the interests of transparency, we intend to publish this letter (and your letter of 5 September 2019) on the QCA's website after the conclusion of the averaging period.

Yours sincerely



Will Copeman
Acting Chief Executive Officer