

8 July 2016

Mr John Hindmarsh
Chief Executive Officer
Queensland Competition Authority

Dear Mr Hindmarsh

DBCT 2015 DAU – Response to QCA Draft Decision

DBCT's current access undertaking (the **2010 AU**) expires by 30 June 2017. In accordance with the initial undertaking notice (**IUN**) issued by the QCA on 23 June 2015, DBCTM submitted its replacement draft access undertaking (the **2015 DAU**) on 9 October 2015. On 22 April 2016, the QCA published its draft decision on the 2015 DAU, requesting submissions from stakeholders by 10 June 2016 (subsequently extended to 8 July 2016 at DBCTM's request).

DBCTM's response to the QCA's draft decision does not seek to re-prosecute arguments that the QCA has already considered. Instead, the response focuses on issues that have material consequences for DBCTM's risk profile and future revenues. DBCTM provides new evidence that has emerged since its original submission of the 2015 DAU.

DBCTM's primary concern is the reduction in the return on equity proposed in the QCA's draft decision, despite DBCTM's deteriorating risk profile. DBCTM also notes that the QCA's draft decision will reduce its revenues from \$260m in 2015-16, to \$175m in 2016-17 (33%). This reduction is significant in comparison to the QCA's recent decisions for Aurizon (12%) and Queensland Rail (10%).

Attached for the QCA's consideration are the following documents:

- DBCTM's submission in response to the QCA's draft decision
- The DBCT 2015 DAU and SAA, amended to reflect DBCTM's submission
- The DBCT ARR model, amended to reflect DBCTM's submission
- The DBCT 2016 Master Plan, approved by DBCT Holdings.

Thank you for your consideration of the attached submission. Please contact me or Jonathan Blakey if you have any queries or require more information.

Yours sincerely



Anthony Timbrell
Chief Executive Officer
DBCT Management