QLD COMPETITION AUTHORITY

fodora

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DATE RECEIVED

From: fodora <fodora@iprimus.com.au>
Sent: ~~Thursday, January 01, 1998 1:05 AM~~
TUESDAY, 2 NOV 04,

485 Old Bay Rd
Burpengary.QLD 4505
2November,2004

Dear CHIEF EXECUTIVE OFFICER QLD COMPETITION AUTHORITY
We as Queensland residents and taxpayers are very concerned by the QCA draft decision on the Dalrymple Bay Coal Terminal (DBCT).We find it incredible that the board should recommend thatcoal tonnage Terminal Infrastructure Charge be decreased from $2.08 to $1.53. Surely investors are entitled to appropriate return from their investment .Such an investment is certainly not risk free and can't be compared to returns from tollways and office buildings.I bet you would not take a cut in the coal royalty that you take from the coal mines. Costs keep increasing not decreasing!

The QCA has provided a WACC of 8.2%for DBCT. IN comparision with other regulatory decisions in Australia, this is very low. In fact,what the QCA has determined is that investors who invest in DBCT will get a materially lower return than investors who invest in most regulated infrastructure assets elsewhere in Australia. This is certainly not the way to make Queensland a great state to live and work in.We need world class facilities and in order to ensure that we get them .We need to encourage investment in our state not discourage it. There is no way the company will continue to invest in our state and expand the world class facilities to enable more coal to be exported from this terminal with their investors do not receive a good return on thier money.

If this draft decision becomes law, it could have an enormous impact on the Queensland coal industry in general. It has real implications for Queensland as the QCA will be seen by the investment community as an unrealistic regulator who is out of step with other regulators in Australia and is anti infrastructure providers when compared to other regulators in Australia . This will eventually give rise to a lack of infrastructureinvestment in Queensland at a time when it is sorely needed and at a time when the Queensland Government has identified investment in infrastructure as critical to the future of the State. In other words , the long term cost to the State could be enormous.I believe that your Government will collect $184 million dollars in coal royalty this year. The amount would be much more in the future if Prime Infrastructure were to spend around $41 million expanding the existing facility. But they won't do this if the QCA maintains its current ruling. The money will be invested interstate or in another country like New Zealand.PIF is just completing its purchase of Powerco(extensive gas and electricity facilities) in New Zealand.

If you and your Government are serious about Queensland being thesmart state you will prevail upon the QCA to change its mind and grant a more favourable ruling in its matter.
Yours sincerely,

Paul Fodora
Ann Koda.
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