

COPY

Phone (02) 9874 0446

(Mr.) W.E. Stanfield
458 Blaxland Road
Eastwood NSW 2122

22 NOV 2004

DATE RECEIVED

18th November 2004

~~The Hon. Peter Beattie
Premier of Queensland
GPO Box 185
Brisbane Qld 4002~~

Dear Mr. Beattie

Re: Queensland Competition Authority's (QCA's) draft determination on Dalrymple Bay Coal Terminal (DBCT) draft access undertaking.

I write as a self-funded retiree with an interest in Prime Infrastructure, a well-managed and highly regarded Australian company based in Queensland, and which is the holder of the lease from Ports Corporation Queensland (PCQ) to operate the coal terminal at Dalrymple Bay. I am sure that you are well aware that the DBCT is a major and key part of our national infrastructure for exporting coal, and consequently fulfils a critically significant role in Australia's, as well as Queensland's, economic well-being.

Against this background I am amazed and astounded that the Queensland Competition Authority has brought down a draft determination on access to the terminal's services which, if confirmed, will very negatively affect Prime's anticipated returns on its investment in the asset. That negative financial effect must necessarily cause Prime to reconsider its plans for further developing the terminal's throughput capacity; and inevitably will send negative messages to the investment community about risking further funds in Queensland's infrastructure. Quite obviously these are major issues for your Government that you cannot afford to ignore.

As I understand the situation, Prime is **currently receiving \$2.08 per tonne** for coal shipped through DBCT. When Prime took over existing contracts from PCQ (essentially the Queensland Government) at the end of 2001, the going rate that PCQ was getting was \$1.95. That charge per tonne has increased, in line with CPI since the granting of the lease, and thus now stands at \$2.08.

However the Competition Authority's draft determination proposes a reduction in the Terminal Infrastructure Charge from that \$2.08 figure down to just \$1.53 per tonne. In reaching this conclusion it appears that the QCA has applied a formula that gives a result which is, by comparison with other Australian regulatory decisions very, very low. It is, so I believe, a materially lower investment return than that available with just about any other regulated infrastructure asset elsewhere in Australia.

The financial implications for Prime Infrastructure, and its security holders, are quite obvious and extremely serious.

22 NOV 2004

DATE RECEIVED

A core problem with the QCA's draft decision, in my view, is that the regulator has seemingly failed to appreciate and recognise the extent and degree of risk associated with this type of infrastructure asset. In a "risk" sense, I see the coal terminal as vastly different to alternatives such as investing in highways, airports, pipelines, etc. and those differences in risk need to be compensated in formulae applied to determine appropriate rates of return.

Nor does it seem that the regulator recognised that Queensland's requirements necessarily compete for funding, by the investment community, with infrastructure projects elsewhere in Australia, and even overseas.

I strongly urge you to use your influence, in the interests not only of retirees like me, but also to meet the current and ongoing infrastructure investment needs of Queensland. Because unless this determination is drastically revised in favour of the terminal's leaseholder (Prime Infrastructure), you can bet London to a brick that a major sector of the investment community will turn its back on Queensland.

Yours sincerely

Warren Stanfield
(Warren Stanfield)

Copied to:

The Treasurer of Queensland
GPO Box 611
Brisbane. 4001

The Chairman
Queensland Competition Authority
GPO Box 2257
Brisbane 4001

6 | The Chief Executive Officer
Queensland Competition Authority
GPO Box 2257
Brisbane 4001

The Managing Director
Prime Infrastructure Management Limited.

PLEASE TREAT THIS
COPY LETTER AS A
SUBMISSION TO YOUR
AUTHORITY

Warren Stanfield
18.11.04