



AUSTRALIAN RAIL TRACK CORPORATION LTD

Ref No:

31 October 2007

Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

**QR's DRAFT AMENDING ACCESS UNDERTAKING
CPI ADJUSTMENTS**

ARTC COMMENTS

ARTC notes that the QR has proposed to correct what it considers to be a misalignment between the escalators used for determining system allowable revenue (forecast CPI) and total actual revenues (actual CPI) as required to determine Reference Tariffs.

In principle, ARTC has no issue with QR's proposal given the following:

- it has never been intended that the access provider would wear inflation risk in its pricing;
- existing CPI is higher than forecast levels of 2.5%;
- ex post adjustments to forecasts when actuals are known seems logical; and
- the treatment proposed by QR is consistent with that contemplated in the Dalrymple Bay Coal Terminal access undertaking, and other regulatory practice.

ARTC also agrees with the proposed approach to determine inflation having regard to specific input cost inflation outcomes.

These comments contains no information considered 'commercial-in-confidence'. A copy of the submission has also been forwarded to your office via email. For further information regarding the preparation of these comments, could you please contact Mr. Glenn Edwards, (08)82174292 (Ph), (08)82174578 (Fax), gedwards@artc.com.au (Email).

A handwritten signature in blue ink, appearing to read 'DM', is positioned above the name David Marchant.

David Marchant
Chief Executive Officer