

File Ref: 1235207

13 April 2017

Mr Michael Fraser
Chairman
Aurizon Network Pty Ltd
GPO Box 456
Brisbane QLD 4001

Dear Mr Fraser

Aurizon Network - Request for a public workshop

Thank you for your letter requesting the QCA Board hold a public workshop in relation to Aurizon Network's 2017 draft access undertaking (2017 DAU) WACC proposal and supporting submissions.

After discussing your request with my fellow Board Members, and carefully considering the matters raised in your letter, we respectfully decline your proposal at this stage of our investigation.

In coming to this view, the Board also wanted to provide you with the assurance that the QCA is progressing its assessment so that we will fully understand and properly consider all the information provided in support of Aurizon Network's 2017 DAU, including its WACC proposal and supporting submission material.

Given how extensively the core arguments are expounded in your submissions, the detailed responses from other stakeholders, and Aurizon Network's intention to not present any new information, Members are not convinced that a public workshop on WACC matters would be beneficial for our investigation at this point in time.

Overall, the Board considers that a structured and constructive consultation process, consistent with that outlined in the QCA's *Statement of Regulatory Intent*, will facilitate a transparent and timely investigation. Nonetheless, in the event that the Board considers that an interactive workshop is the best way to inform ourselves then we will pursue this.

The Board acknowledges the importance of providing Aurizon Network with all reasonable opportunities to make representations in support of its 2017 DAU. Since the regulatory process commenced in May 2016, our process has afforded Aurizon Network with more than adequate time and multiple opportunities to submit supporting material. Aurizon Network has utilised the consultation processes provided to date, submitting various written submissions and presentations in support of its WACC proposal, as well as engaging with QCA staff to discuss material.

The QCA remains committed to hearing all of Aurizon Network's 2017 DAU proposals and supporting material in a fair and reasonable way. We are also mindful of the need to ensure that all stakeholders are given an opportunity to consider and respond to material advanced by Aurizon Network.

The presentation of verbal material, combined with affording all interested parties the right to present, has the potential to have cost and procedural implications for our investigation. Other stakeholders have already made

their views known concerning WACC matters, with all submissions published on the QCA's website, and it is not clear the extent to which other stakeholders support such a public workshop.

As the QCA progresses its investigation, we are currently seeking independent expert review of all aspects of Aurizon Network's WACC proposals and stakeholder submissions. In the event that there are matters Members would like further explanation or detail, we will contact your organisation to progress such requests.

Aurizon Network will have further opportunities to submit additional information in support of its 2017 DAU proposal, particularly in response to our forthcoming draft decision.

I can assure you that our Board will fulfil its obligations to consider all arguments afresh and objectively.

We appreciate your enthusiasm to engage with the QCA on this matter. Members invite Aurizon Network to continue working towards the timely provision of information in support of its proposals.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Roy Green', with a stylized flourish extending to the right.

Professor Roy Green
Chair