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Institute for Research into
International Competitiveness – IRICGPO Box U1987 Perth
Western Australia 6845TELEPHONE +61 8 9266 3041
FACSIMILE +61 8 9266 2872
EMAIL kenyonp@cbs.curtin.edu.au
WEB www.cbs.curtin.edu.au/cbs/research/iric/27th May 2004

Mr Bruce Chan
Acting Director – Rail Division
Economic Regulation Authority
27th Floor, 197 St Georges Tce
Perth WA, 6000

Dear Bruce,

CPI-X Review – Final Report Amendments Following Public Consultation

I enclose the above final report for your consideration. As per our meeting on May 17th, we have addressed some, but not all, of the comments made by stakeholders as part of the public consultation process in our amendments to the Final Report. Pertinent comments are addressed in our report and comprise:

- The use of natural logarithms (see Section 4.2 and Appendix One)
- The appropriate capacity adjustment factors (see Section 3.4).
- Issues associated with the use of revenue caps as a proxy for output (see Section 4.1 and 6.1).
- Issues associated with the complexity of the methodology and its place in the broader regulatory context (see Sections 6.1 and 6.2).

As discussed, we would also like, if possible, to be able to utilize the results of our research in future academic publications and conference presentations. We understand that WestNet Rail is not opposed to this, as our report contains no confidential information, and we believe further dissemination and discussion of the ideas contained in this report will be beneficial to the development of rail regulation in the State.

We have very much enjoyed working with you on this challenging and stimulating project and look forward to what transpires as the ideas generated during the project are disseminated through the wider regulatory community.

Regards



Nick Wills-Johnson

