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30 June 2011

Mr John Hall
Chief Executive Officer
Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

Dear John,

Goonyella System Rules

Please find attached the draft System Rules for the Goonyella coal system in accordance with clause 7.1(e) of QR Network's 2010 Access Undertaking.

QR Network has been part of a number of processes over the past year or so that have a specific focus on maximising the efficiency of the coal supply chain in the Goonyella system. The creation of System Rules for the Goonyella system is a natural progression in outlining to all coal producers, service and infrastructure providers how this coal system will operate.

In developing the draft System Rules QR Network has had a number of discussions with stakeholders (especially Port owners and rail operators representing coal producers) to ensure that these rules operate in a fair, transparent and consistent manner.

The general response from stakeholders has been positive, however ongoing issues around perceived misalignment between the cargo assembly operations of DBCT and the even railings contracting regime for rail access exist. Although QR Network believes that the port has the ability to accommodate an even railings mode of operation through the use of its Terminal Regulations we are working with the DBCT User Group to get a better understanding of the terminal regulations, in order to develop an industry-wide solution to this issue.

Throughout consultation, stakeholders also sought the inclusion of System Rules for Goonyella to Abbot Point and other inter-system traffic in the Goonyella System. QR Network has put forward a proposal to industry to extend the scope of the Goonyella System Rules to include Goonyella and Newlands train services and we intend to commence discussions on these combined System Rules in early July.

QR Network now seeks the Authority's approval of the Goonyella System Rules and is happy to work jointly with the Authority to ensure that this occurs as quickly as possible.

If you have any questions on this matter please feel free to contact me or Dean Gannaway on 3235 2055.

Sincerely,



Michael Carter
Chief Executive Officer
QR Network Pty Ltd

Encl.