

Our Ref: Paul Bilyk
Direct Line: 3222 0506
File Ref: 210873

29 April 2008

Mr Mike Carter
Executive Group General Manager
QR Network
GPO Box 1429
Brisbane Qld 4001

Dear Mr Carter

QR's Central Queensland Coal Region Asset Base Roll-forward 2005-06

On 15 April 2008, QR submitted for the Authority's approval an asset base roll-forward for the central Queensland coal region as required by clause 3 of Schedule MB of QR's access undertaking.

The Authority has reviewed QR's proposal and considers that, in most respects, it is consistent with the access undertaking to the extent that it:

- provides information in the level of detail and format required in accordance with schedule MB of the access undertaking; and
- calculates each component of the asset base roll-forward consistent in accordance with the approach outlined in Schedule FB of the access undertaking.

However, QR's proposal is not compliant with all aspects of the access undertaking in that it does not identify assets that were disposed or transferred during 2005-06 because of data inadequacies. However, the Authority notes that QR has indicated that the likely amount is not material and has committed to rectify this deficiency for the 2009 access undertaking.

On this basis, the Authority accepts QR's proposed asset base roll-forward for 2005-06.

Accordingly, the Authority requires that QR publicly release an annual report of changes to its regulatory asset base, containing the specific information required in accordance with clause 9.2.4(c) of the access undertaking within one month of receiving this notice of acceptance.

Yours sincerely



EJ Hall
Chief Executive