

25 September 2012

Mr Paul Bilyk
Chief Executive Officer
Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

Dear Sir,

Potential use of Diesel Locomotives in the Goonyella rail system

DBCT Management has become aware of a possible future use of diesel trains in the electrified Goonyella rail system. DBCT Management supports any initiative to maintain a predominantly electric fleet of trains among existing or future rail operators servicing the Dalrymple Bay Coal Terminal.

Given DBCT's close proximity to neighbouring communities and the effect of increased noise, both perceived and real associated with diesel trains when compared to electric trains, DBCT Management fear that an influx of diesel locomotives will cause undue and unnecessary angst in the communities surrounding DBCT. This concern is not explicit to DBCT and extends to the use of diesel locomotives on rail lines adjacent to the DBCT terminal which would pass through neighbouring communities that may share borders with either existing or proposed new coal terminals.

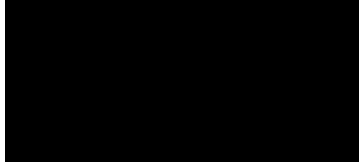
In the most recent Hay Point Community working group, the representatives for neighbouring communities were fearful that QR National Coal were planning to introduce an entirely diesel fleet, based on a rumour that all QR National Coal train drivers were being trained to operate diesel locomotives. While this was ultimately a misinterpretation of QRNC's strategy for DBCT, there remains a cloud over potential new terminal developments at Dudgeon Point. Accordingly, these community representatives conveyed a clear apprehension for any diesel locomotives operation. This level of apprehension suggests that any change to diesel locomotives would result in an increased frequency and severity of community complaints and could potentially cause irreparable damage to community relations for not only DBCT, but all other existing and proposed terminals in the Port of Hay Point.

DBCT Management is also mindful of the environmental limits imposed on the terminal through its Development Approvals. These environmental limits include dust and noise limits as well as control of nuisance emission levels. Exceeding these limits at the terminal rail receival stations or in the neighbouring communities through an influx of diesel locomotive operations creates potential for the development approvals that allow DBCT to operate at 85 Mtpa to be revoked, or for the terminal operations to be curtailed to a level of compliance. Either action will have detrimental effects on coal throughput.



Considering the sunk cost in the original decision to electrify the Goonyella rail network, DBCT Management would find it difficult to understand any departure from the use of purely electric locomotives and would oppose any actions or proposals to do so. The author remains at your disposal should you wish to discuss further.

Yours Sincerely,



Greg Smith
General Manager Operations