

19 June 2008

Mr John Prescott
Chairman of the Board
Queensland Rail
GPO Box 1429
Brisbane QLD 4001

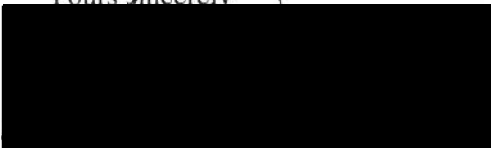
Dear Mr Prescott

QR's Capital Expenditure 2006-07

The Queensland Competition Authority (the Authority) today approved QR's application for the approval of \$158.6 million of capital expenditure projects commissioned in the central Queensland coal region during 2006-07. **Attachment 1** provides details of the expenditures approved.

In making this decision, the Authority noted that QR's application dated 11 June 2008 complied with the Authority's draft decision for the majority of the claim and provided additional information to adequately support its revised claim for the cost of the data communications network. This increased the approved amount by \$0.3 million over that proposed in the Authority's draft decision.

Yours sincerely



Brian Parmenter
Chairperson

Attachment 1

Table 1: QR's capital expenditure, 2006-07

<i>Project</i>	<i>Estimated cost (\$M)</i>	
<i>Capital Expansion Projects:</i>		
Bluff - Blackwater Duplications	52.0	
RG Tanna 2nd Loop Extension and New 3rd Coal Unloading	13.1	
Moura Passing Loops	23.1	
Windah to Grantliegh duplication	0.7	
Other capacity expansion projects	0.2	89.1
<i>Customer Specific spur lines:</i>		
Carborough Downs Spur Line	25.6	
Isaac Plains Spur Line	25.1	
Millennium Coal	0.4	51.1
<i>Asset Replacement (replacement of assets)</i>		
Goonyella system rail upgrade	2.6	
Goonyella System Formation Strengthening (Stage 2)	1.1	
Coal system turnout upgrade project - stage 1	2.6	
Other	2.0	8.3
<i>Asset Replacement (safety and reliability)</i>		
Walkways, cameras, slip detection etc	0.9	0.9
<i>Telecommunications</i>		
<i>System Wide</i>		0.7
<i>ISG return and Corporate Overhead</i>		
		3.9
<i>Total Claim</i>		158.6