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External Audit of Queensland Rail's (QR) compliance with its obligations under Clause 3.3 and Subclause 3.5.1 of the QR Access Undertaking being an audit of QR's Management of Confidential Information and Complaints Handling Arrangements – Audit Report for the year ended 30 June 2007.

Background

The QR Access Undertaking provides for the negotiation of Access required for the operation of train services by Access Seekers.

QR has established its organisational structure to facilitate the separation of the management of Rail Infrastructure from the operation of Train Services. Network Access has been established as a business group of QR, separate from QR Operational Business Groups.

Clause 3.5.2(b) of the QR Access Undertaking states that QR's compliance with its obligations under Clause 3.3 and Subclause 3.5.1 will be audited annually. Clause 3.3 deals with the Management of Confidential Information, including a definition of confidential information and specific provisions for the handling of that information. Subclause 3.5.1 provides the Complaint Handling Process in relation to QR's obligations under Clause 3.3.

Accordingly our audit has not been conducted in accordance with Australian Auditing Standards, which apply to the audit of financial information, but has been performed in accordance with Subclause 3.5.2, being an audit of compliance with obligations as detailed above. This audit report has been prepared for the purpose of Subclause 3.5.2, and we disclaim any assumption of responsibility for any reliance on this report, other than for the purpose for which it was prepared.

Scope

The scope of work section is to be read in conjunction with the background explanation above.

We have carried out an external audit of QR's management of confidential information and complaints handling arrangement for the year ended 30 June 2007 in accordance with Clause 3.5.2 of QR's 2005 Access Undertaking.

In accordance with Subclause 3.5.2, an audit plan was prepared with QR. The process adopted for the conduct of the audit, which is in accordance with the agreed audit plan, is as follows:

- a) Reviewed the requirements of the Undertaking;
- b) Carried out discussions with QR staff to determine the nature of enquiries and events in relation to Access Seekers and identified how they were handled through the system;
- c) Tested each type of enquiry through the system by following those enquiries, registered in the Network Access Ringfencing Register, from the Project Leader to the Addressee as stated on the register, and discussed and verified their process to maintain confidentiality;
- d) Examined the flow of confidential information through the organisation to establish how it is controlled and whether any breaches have occurred;
- e) Tested relevant divisions of QR to whom the confidential information is directed for the year ended 30 June 2007 and discussed and verified the procedures of staff in the relevant divisions who received confidential information to determine if confidentiality was maintained;
- f) A review of QR internal processes for adequacy by discussing processes with staff in each division to determine if they are adequate to maintain confidentiality;
- g) Reviewed and enquired into the nature and incidence of complaints; and
- h) Reviewed how complaints were handled.

Our procedures have been undertaken, in order to identify in our audit report, whether QR has complied in all material respects with its obligations under Clause 3.3 and Subclause 3.5.1.

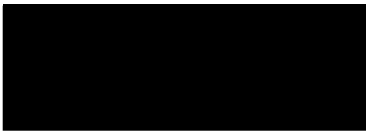
Audit Opinion and Results

In our opinion, based on the scope of work as detailed above, QR has complied in all material respects with its obligations under Clause 3.3 and Subclause 3.5.1. This includes the following:

- A ringfencing register has been established;
- Separate registers have been established and are being maintained by each group; and
- Ringfencing training and awareness is being provided to employees having access to confidential information.

Without qualification to our opinion, approximately 18.3% of the exit certificates for employees leaving Network Access to work elsewhere in QR were not able to be provided for the purposes of our audit. In our view, there was insufficient evidence to confirm that QR was appropriately fulfilling its obligations to debrief employees in relation to the management of confidential information.

BDO Kendalls (QLD)



Zoran Radošević
Partner