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Mr John Hall
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Dear John

**PROPOSAL TO AMEND QR'S 2005 ACCESS UNDERTAKING IN RESPECT OF
RELINQUISHMENT FEES**

As you are aware, on 28 February 2007 QR submitted to the Queensland Competition Authority (QCA) a "Proposed Schedule F Amendment" with respect to the form of regulation for coal carrying Train Services. The Proposed Schedule F Amendment was prepared following consultation with the Queensland Resources Council (QRC).

The submission document accompanying the Proposed Schedule Amendment noted that an agreement with the QRC would be subsequently reached regarding a proposal for Relinquishment Fees for Access Agreements executed on or after 1 July 2006 (UT2 Access Agreements).

QR and the QRC believed that the proposal was not within the scope of Clause 3, Part B of Schedule F of QR's 2005 Access Undertaking (QR's Undertaking). Both parties have accepted that a voluntary draft amending undertaking is an appropriate alternative mechanism to implement the Relinquishment Fee proposal.

Accordingly and in accordance with Section 142 of the *Queensland Competition Authority Act 1997*, QR submits this voluntary draft amending undertaking covering the Relinquishment Fee proposal subsequently agreed with the QRC. The draft amending undertaking is represented by this letter together with a mark-up of amendments to Subclause 7.4.3 and Clause 10.1 of QR's Undertaking and Clause 3.3 of the Operator and Access Holder Standard Access Agreements.

In relation to UT2 Access Agreements, the key features of the proposal are:

- The Relinquishment Fee definition is to remain unchanged (being 100% of the present value of take or pay amounts over the remainder of the term of the Access Agreement for the Train Service being relinquished).
- The Relinquishment Fee is to be recovered at 2 years following notice of intention to relinquish (compared with 6 months for Access Agreements executed prior to 1 July 2006).

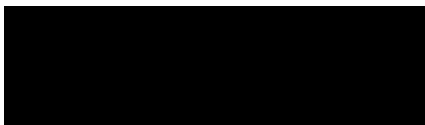
- The Relinquishment Fee to be collected is to be the lessor of:
 - The product of the Relinquishment Fee and the Reduction Factor; and
 - 50% of the Relinquishment Fee.

As indicated in the submission document, the proposal represents an amendment to QR's original proposal to better reflect the QRC's position document dated 31 January 2007, and is on the basis that it represents a concession by QR as part of a wider objective to better address volume issues as part of the finalisation of QR's Undertaking.

Accordingly, submission of the draft amending undertaking is conditional upon approval of QR's Proposed Schedule F Amendment by the QCA. QR reserves its right to withdraw the draft amending undertaking at any time prior to its approval becoming unconditional. In this regard, QR requests that both the approval of the draft amending undertaking and the effective date are concurrent with the Proposed Schedule F Amendment.

Please contact Greg Selkirk on 3235 5250 should you have any queries regarding the draft amending undertaking.

Yours sincerely



Mike Carter
Group General Manager

16 April 2007