

2006 Queensland Mining Industry Health and Safety Conference

Presented by
Bob Scheuber
QR Chief Executive Officer



I'll be speaking about...

- Rail revival in Australia today
- QR's national freight strategy
- Growth in coal and minerals tonnages
- Health and safety in our business, through:
 - Industry partnership
 - Investment
 - People
 - Safety performance.



RAIL REVIVAL IN AUSTRALIA TODAY



Rail industry has undergone significant regulatory, structural and institutional change

Key changes

- Third party access to most railway lines in Australia
- Separation of operations from infrastructure
- Privatisation of rail freight operating companies
- Moving towards two national players in the domestic rail-based logistics market

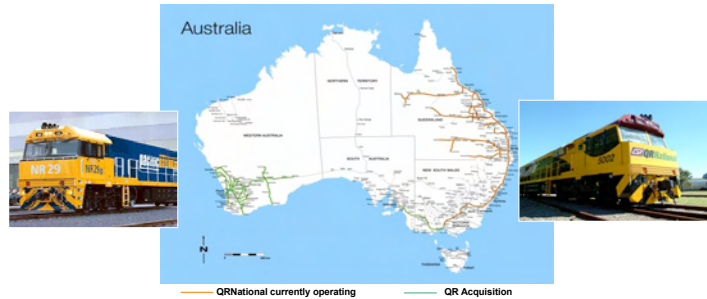


Implications

- The changes have greatly increased competitive rivalry within the rail freight market
- Exclusive ownership of the freight railway (i.e. incumbency) is no longer a source of competitive advantage and value for much of the network
- Cherry-picking, aggressive competition and niche entry by new players has depressed yields
- Supply chain integration or association has become a competitive advantage and barrier to entry to others



Rail freight market consolidation Australia needs both scale and competition

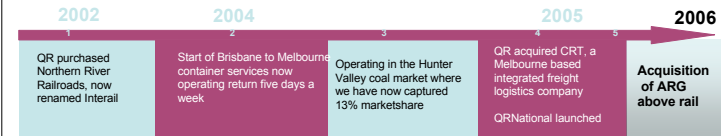


© Queensland Rail 2006. All Rights Reserved

Business In Confidence

Page 5

Delivering on a national freight strategy



- Building portfolio of national, commercial and customer focused freight businesses
- ARG helps fill the gaps in our national rail linehaul capability
- Combined ARG and QR have the scale and capacity to encourage genuine robust competition in the national market

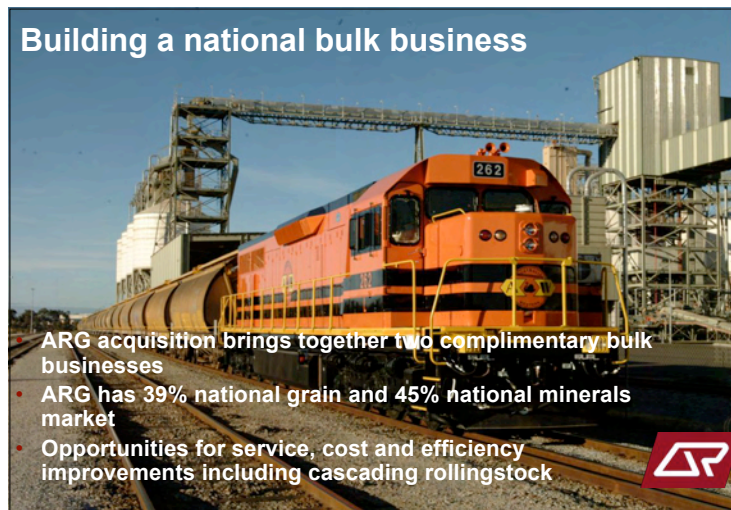


© Queensland Rail 2006. All Rights Reserved

Business In Confidence

Page 6

Building a national bulk business



- ARG acquisition brings together two complimentary bulk businesses
- ARG has 39% national grain and 45% national minerals market
- Opportunities for service, cost and efficiency improvements including cascading rollingstock



Freight tonnage growth

- Freight tonnage at 175 mt
- Prel. 2005/06 coal haulage 154 mt
- In 1990, QR was hauling just 68 million tonnes



© Queensland Rail 2006. All Rights Reserved

Business In Confidence

Page 8

HEALTH AND SAFETY IN OUR BUSINESS, THROUGH

- Industry partnership
- Investment
- People
- Safety performance



Strategically partnering with the coal industry

- strategic partner in coal and the minerals supply chain.
- supply chain partners are co-dependant
- finding solutions that take customers where they want to be, safely, and at right price.



Investment in infrastructure and rollingstock

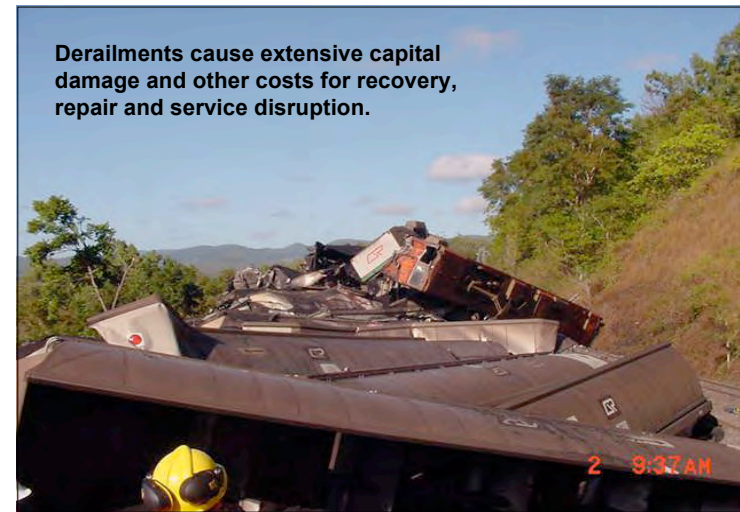
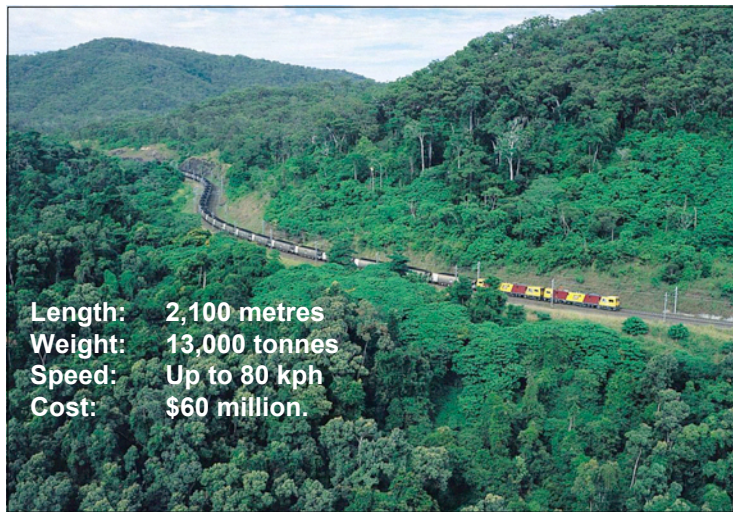
- Extensive rollingstock and infrastructure expansion projects underway or recently completed:
 - Bauhinia Regional Rail project
 - Blackwater system duplications
 - Passing loops
 - New or extended unloading loops
 - New mine infrastructure
 - Over 120 new or upgraded locomotives
 - Over 1000 new coal wagons
 - Nine 5000-class locos and 310 x 120 tonne wagons (Hunter Valley)



Next huge play in coal

- Queensland forecasts range from 200 – 250 mtpa 2009/10







Addressing skill shortages

- In June launched new national recruitment campaign – “QR more than I'd imagined”
- Strongly support ARA led study into attraction and retention for the industry

Attention Job Seekers

QR now invests \$52m in training

QR careers. “More than I'd imagined”

*QR has given me the opportunity to move from admin to an electrical apprenticeship – and I love it. With two kids it wasn't an easy move, but the support QR gave me has spanned me on. QR has careers for people in all sorts of backgrounds with more trades roles than you'd imagine. For more information about opportunities in our coastal areas – call 1800 000 713 or visit www.qr.com.au/careers for more information.

Realise your career opportunities
www.qr.com.au/careers

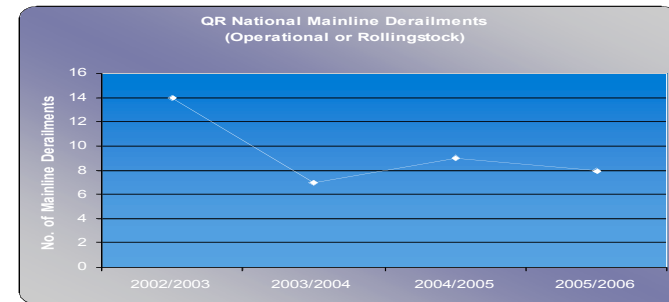
© Queensland Rail 2005. All Rights Reserved. Business In Confidence. Page 20

SAFETY PERFORMANCE

- Derailments
- Signals Passed at Danger
- Workplace Health and Safety Plan
- Lost Time Injury
- Lost Time Frequency



39% reduction in derailments (02/03 – 05/06)

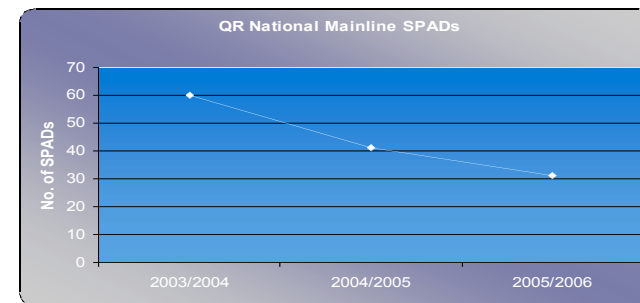


Derailment Management Plan

- hazard identification
- reporting and recording of incidents
- investigation and follow-up
- performance measurement and analysis, and
- communication



48% improvement in SPADs (03/04 - 05/06)



SPAD Management Plan

- new positions to deliver Plan and co-ordinate shared learning
- Communication of causes/ preventable actions in no-blame environment
- In-Cab protocols for Traincrew to minimise risk of distraction
- Professional Driving Policy

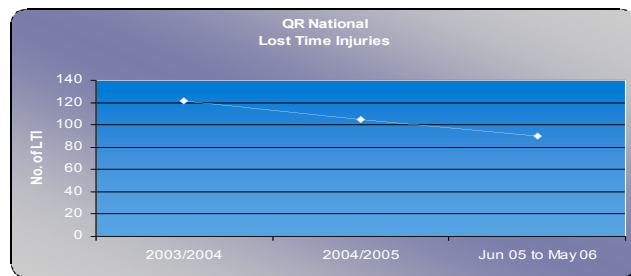


Workplace Health and Safety Plan

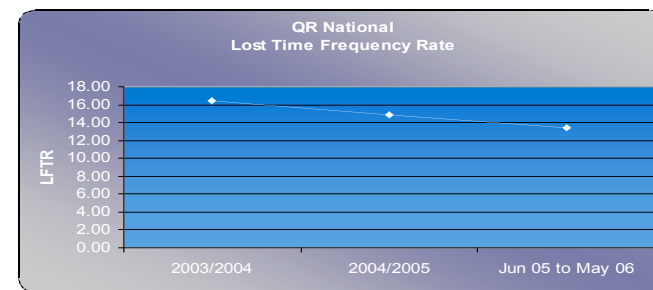
- Reviews at under-performing depots
- Health and well-being programs. Eg. 10,000 steps
- Investigation and management review of LTI's
- Sustaining compliance levels



26% reduction in LTI (03-04 – 05-06)



19% reduction in LTFR





In Summary

- Safety is fundamental to our business – for our people and the customer value proposition
- QR must continue to focus on working system harder and smarter to meet industry needs
- As we strive and meet this rapid growth, QR continues to improve safety performance



© Queensland Rail 2006 All Rights Reserved

Business In Confidence

Page 30

2006 Queensland Mining Industry Health and Safety Conference

Presented by
Bob Scheuber
QR Chief Executive Officer

