

# Aurizon Network Pty Ltd

## Costing Manual

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## PART 1. PURPOSE OF COSTING MANUAL

### 1.1 Background

- (a) Aurizon Network Pty Ltd (Aurizon Network) has an Undertaking that provides the framework for negotiations with access seekers for Access to Rail Infrastructure for the purpose of operating Train Services.
- (b) The intent of the Undertaking is *inter alia* to ensure that Access negotiations are conducted expeditiously on a commercial basis, and in a competitively neutral environment. The Undertaking seeks to ensure that there will be no cross subsidy between individual Train Services or between combinations of Train Services. It also outlines pricing principles to be employed in determining applicable Access Charges.
- (c) Aurizon Network is a substantial and diverse rail infrastructure business serving train operators and supply chains in Queensland. Aurizon Network provides design, maintenance and management services on the rail network.
- (d) The Aurizon Holdings Limited (Aurizon) group of companies is an integrated railway provider, in that it provides both Below Rail Services as a Railway Manager and Above Rail Services as a Railway Operator. Aurizon is obligated, under the Act, to keep accounting records for Below Rail Services separate from its accounting records for its other operations. Consistent with this obligation, Aurizon Network has been created as a wholly owned subsidiary of Aurizon Operations Limited (Aurizon Operations), a direct subsidiary of Aurizon Holdings Limited, and the Undertaking contains a requirement for the production of separate Financial Statements for Below Rail Services provided by Aurizon Network. These Financial Statements will take the form of a statement of assets, a statement of earnings before interest and tax and a statement of investments, ~~and which separately identify the Central Queensland Coal Region (CQCR) from the rest of the network.~~
- (e) Under the Act the QCA may prepare a Costing Manual or ask Aurizon Network to do so. The QCA has exercised their powers under the Act in this regard, and requested Aurizon Network to prepare and submit a Costing Manual (referred to as the "Manual") to satisfy the accounting responsibilities under the Act and financial reporting obligations contained in the Undertaking.

### 1.2 Legislative Context

This Manual has been prepared in accordance with the requirements of Section 159 of the Act.

### 1.3 Purpose

- (a) The principal purpose of the Manual is to provide a framework for the Identification, Attribution and Allocation of assets, costs, revenues and investments relating to Queensland based Below Rail Services provided by Aurizon Network and the development of Financial Statements required in accordance with the Undertaking.
- (b) The manual sets out the process for identifying the cost base for Below Rail Services separate from other services provided by Aurizon Network.
- (c) The manual provides the basis for Aurizon Network to keep its accounting records for Below Rail Services separate from its accounting records for its other operations.
- (d) The manual provides for an assignment of costs based on Aurizon Network's current Costing accounts, the network system operated by Aurizon Network is essentially a

stand alone system servicing predominately coal traffic and the cost centre structure in the financial systems reflect this.

- (e) The manual provides a basis for the preparation of a statement of assets (a partial balance sheet), a statement of earnings before interest and tax (a partial profit and loss statement), and a statement of investments.
- (f) The manual is not designed to replicate the tariff setting process and the purpose of the manual is not to identify costs, there is a separate tariff setting process that identifies efficient costs that may be fed into tariffs.

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## PART 2. SCOPE AND ADMINISTRATION OF COSTING MANUAL

### 2.1 Scope of Costing Manual

2.1.1. In accordance with Clause 12.1 of Aurizon Network's Access Undertaking, the Costing Manual is required to set out:

- (a) The process for identifying, from Aurizon Network's audited general purpose financial statements, the cost base for Below Rail Services provided by Aurizon Network separate from other services provided by Aurizon Network;
- (b) Within the cost base for Below Rail Services provided by Aurizon Network, the process for identifying:
  - (i) Assets and costs attributable to specified Line Sections;
  - (ii) Assets, costs, revenue and investments not attributable to specified Line Sections but attributable to specified gGeographic rRegions; and
  - (iii) Assets, costs, revenue and investments not attributable to specified Line Sections or any specified gGeographic rRegion; and
- (c) The format of the Financial Statements.

2.1.2. Paragraph 3.3.1(a) of the Undertaking allows Aurizon Network to seek approval by the QCA for the preparation of Financial Statements on an annual basis.

*"Unless otherwise approved by the QCA, Aurizon Network will develop, on an annual basis:*

- (i) *General purpose financial statements for Aurizon Network in accordance with relevant legislation and applicable Australian accounting standards;*
- (ii) *"Financial Statements" which include a supplementary set of financial statements separately identifying Aurizon Network's business in respect of the Rail Infrastructure regulated by this undertaking from any other business conducted by Aurizon Network (if any) and are otherwise developed in accordance with the methodology and format set out in the Costing manual.*

As Aurizon Network currently operates a regulated Rail Infrastructure business that is largely attributed to the Central Queensland Coal Region (CQCR) there is no separation of costs into separate geographic regions in the Financial Statements. Costs may be identified, Allocated to Attributed to individual coal systems within the CQCR (ie the Newlands System, Goonyella System, Blackwater System, Moura System or Goonyella to Abott Point System). Consistent with this business structure Aurizon Network has sought approval from the QCA to produce special purpose financial statements separately identifying CQCR from the rest of the network.

Accordingly, this Manual is required to set out the process for identifying assets, costs, revenues and investments for Below Rail Services provided by Aurizon Network attributable to line sections or regions.

## 2.2 Duration of Costing Manual

- (a) The Manual will take effect from the date specified as being the effective date, following approval by the QCA.
- (b) Aurizon Network must publish the current approved Costing Manual.
- (c) The Manual will apply to the annual Financial Statements prepared for each financial year commencing from the financial year in which the Manual is approved, and will continue to apply, subject to paragraph (d) and (f) until superseded by approved changes in accordance with clause 2.3 below.
- (d) If, for any 12 month financial period during the term of the Manual, the QCA ceases to be the regulator of Aurizon Network's below rail services, Aurizon Network may withdraw the Manual.
- (e) If, for any 12 month financial period during the term of the Manual, Aurizon Network does not have an approved Undertaking, Aurizon Network may elect not to publish the annual Financial Statements in accordance with paragraph 9.2 of the Undertaking and Part 6 of the Manual.
- (f) Apart from the circumstances identified in Paragraph (d), Aurizon Network may withdraw the Manual at any time, provided it has received written agreement to such withdrawal by the QCA.

## 2.3 Review of Costing Manual

- (a) If, at any time during the term of the Manual, Aurizon Network is of the view that changes to the Manual are desirable, Aurizon Network may submit amendments to the QCA ~~including changes to the Overhead Allocator specified in Schedule C.~~
- (b) Where amendments to the Manual are submitted to the QCA, the QCA must consider the amendments to the Manual, and approve, or not approve them. If the QCA does not approve the amendments to the Manual, the previously approved Manual will continue to apply.
- (c) If the QCA does approve the amendments, the amended Manual will apply from:
  - (i) the date of the QCA's approval; or
  - (ii) a later date approved by the QCA.
- (d) Aurizon Network must publish any amendments to the Costing Manual including the date the amendments come in to force.

## PART 3. COSTING FRAMEWORK

### 3.1 Organisational Structure

- (a) Aurizon Network is a wholly owned subsidiary of Aurizon Operations Limited and Aurizon Operations Limited is a wholly owned subsidiary of Aurizon Holdings Limited (Aurizon).

This Aurizon Structure is illustrated in detail in [Schedule Appendix B D](#).

- (b) Aurizon has established its organisational structure to facilitate the separation of the management of Rail Infrastructure from the operation of Train Services.

- (c) ~~Aurizon~~ Network ~~also representshas been established as~~ a functional unit of Aurizon, separate from other operating and non-operating functional units. ~~Aurizon~~ Network is responsible for the provision of Below Rail Services.

This Network structure is illustrated in detail in [Schedule Appendix C E](#).

~~The Network function includes Aurizon Network Pty Ltd, as well as the Specialised Track Services division.~~

- (d) Aurizon Operations performs certain Below Rail Services on behalf of Aurizon Network as follows:

- Field incident management; and
- ~~Signalling and safeworking and yard control services.~~

- (e) The principles of cost Identification, Attribution and Allocation recognise that Aurizon's organisational structure may change over time. Therefore, the Identification, Attribution and Allocation of assets, costs, revenues and investments are based on functions regardless of the area within Aurizon that provides them. The principles in the Manual have been developed on this basis, however at any point in time costing information will be drawn from responsibility-based accounts reflecting Aurizon's current organisational structure.

### 3.2 Costing Principles

- (a) The fundamental principle underlying Aurizon Network's approach to costing is that, wherever possible, assets, costs, revenues and investments are directly Identified or Attributed to a function, and functions are directly Identified or Attributed as a Below Rail Service provided by Aurizon Network or Other Services provided by Aurizon Network. Assets, costs, revenues and investments are only Allocated to a function/service where it is not possible or practical to disaggregate those costs and assets in a manner that allows for them to be directly Identified or Attributed to a function/service. This principle avoids the application of general rules of Allocation applying to all circumstances. Rather, it requires a detailed process to be put in place to analyse the assets owned, and the costs incurred, by Aurizon Network.

- (b) Assets shall only include those items recorded in the accounts of Aurizon Network, except for fixed assets recorded in Aurizon's Fixed Asset Register that are held specifically for Aurizon Network (i.e. freehold land and motor vehicles) which shall be added to the assets of Aurizon Network for the purposes of preparing the Financial Statements.

~~(e)~~ All inter-company transfers recorded in the accounts of Aurizon Network are included as relevant in the costs, revenues and investments of Aurizon Network, ~~with the exception of:~~

~~To the extent that the intercompany cost allocation is lower than the efficient stand alone corporate costs, if the intercompany transfers between Aurizon and Aurizon Network do not include an Allocation for corporate overhead,~~ an Allocation is to be calculated outside Aurizon's Costing Accounts and added to the cost base of Aurizon Network for the purposes of preparing the Financial Statements;

~~(d)~~(c) The general approach described in the Manual is based on the following:

- (i) Where costs are directly incurred, or assets directly used, in the performance of Below Rail Services provided by Aurizon Network, those costs and assets are directly Identified as Below Rail Costs;
- (ii) Where costs are incurred, or assets are used, in common for the provision of Below Rail Services provided by Aurizon Network and/or Other Services, and where there is a causal relationship between the resources used for Below Rail Services provided by Aurizon Network, ~~and/or~~ Other Services, these costs are Attributed on a reasonable basis of cost causality; and
- (iii) Where assets, costs, revenues and investments are used jointly for the provision of Below Rail Services provided by Aurizon Network and/or Other Services, and where there is no direct causal relationship between the resources used for Below Rail Services provided by Aurizon Network or Other Services, these costs are Allocated on a reasonable basis.

~~(e)~~(d) In order to achieve the requirements under the Act whilst operating within the fundamental principle identified in ~~P~~paragraph (a), Aurizon Network applies this costing methodology so that:

- (i) All assets, costs, revenues and investments must be Identified, Attributed or Allocated as Below Rail Services or Other Services;
  - (ii) Within each of these overarching categories, allocation of costs and assets is minimised. Rather, costs, revenue and assets not Identified directly to geographic regions are Identified to the functions and hence, the type of activity for which they are incurred. For example, costs incurred in providing train control services are Identified as relating to the region across which those train control services are provided – they are not Allocated to the provision of the individual line sections within that region. Any Allocation of Below Rail Costs to a more detailed geographic level is essentially arbitrary in nature.
- (f) In Identifying, Attributing and Allocating assets, costs, revenue and investments, rigid application of the methodologies in the Manual is not necessary for immaterial amounts.
- (g) The Manual establishes a methodology for the Identification, Attribution and Allocation of costs based on the accounting information available and methodologies applicable at the time of its development. Where, in the future, costs or assets are identified for which the Identification, Attribution or Allocation methodology has not been explicitly defined within this Manual, Aurizon Network will, as far as reasonably possible, Identify, Attribute or Allocate these costs and assets in a manner consistent with the methodology and principles defined within the Manual.
- (h) The Financial Statements of Aurizon Network are prepared from the audited consolidated financial statements for trial balance of Aurizon Network Pty Ltd and



adjusted in accordance with the requirements of this Manual. These adjustments are audited to ensure compliance with this Manual.

- ~~(i) Aurizon Network Pty Ltd entered into a deed of cross guarantee dated 11 March 2011 with Aurizon Holdings Limited as the Holding Entity, under which each Aurizon Deed Party guarantees the debts of each other Aurizon Deed Party. The cross guarantee became effective on lodgement with ASIC on 29 March 2011.~~

~~On 5 June 2013, each Aurizon Deed Party entered into a Revocation Deed pursuant to which the cross guarantee is to be revoked in respect of Aurizon Network from the date the Revocation Deed becomes operative. The Revocation Deed was lodged with ASIC on 15 July 2013 and pursuant to the provisions of ASIC Class Order 98/1418 will become operative on 16 January 2014.~~

~~Further information in relation to the deed of cross guarantee can be found in Aurizon Network's Financial Report. To assess the financial risk of Aurizon Network, with the deed of cross guarantee in place, the financial risk of Aurizon Operations Limited needs to be assessed. Further information on Aurizon's financial risk management can be found in Aurizon's Financial Report.~~

### 3.3 Internal Costing Accounts

- (a) Aurizon maintains its Costing Accounts on a regular basis. Monthly management accounts are prepared for Network and are input into the Aurizon monthly management accounts. These accounts provide detailed information on the costs of various business activities and reconcile to Aurizon's audited general purpose consolidated financial statements.
- (b) The Costing Accounts associate assets, costs and revenue to functional activities, and from this separate Aurizon Network's assets, costs and revenue into Below Rail or Other Services. The resulting information forms the basis for the Financial Statements.
- (c) For financial accounting purposes all transactions are booked to an appropriate cost centre and account code. ~~The account code is constructed~~ to allow identification of:
- (i) the nature of the activity requiring the transaction;
  - (ii) the element of activity (e.g. labour, materials); and
  - (iii) the responsible cost centre and manager.
- (d) This financial account coding is designed primarily around the requirements for construction of Aurizon's Costing accounts based on the objectives of responsibility management. The network nature of the railway operation for Aurizon is currently restricted to the CQCR, where assets and activities serve this one geographic sector, therefore the responsibility-based accounting provides direct Identification of all costs and assets to functions and, hence, to Below Rail or Other Services.

This financial account coding and underlying information is collected and arranged such that it is suitable for functional cost analysis through the Aurizon's Costing Accounts process.

- (e) The functional cost analysis process represents the financial accounts to reflect the functional activities that give rise to the costs and assets, using physical resource and empirical measures to Attribute and Allocate those costs and assets that cannot be directly Identified to a function.

- (f) The amount of internal charges, ~~e.g. internal telecommunication charges,~~ shall be included in the cost base of the users of those services as recorded in Aurizon's Costing accounts. ~~Such charges are to be included in the Aurizon's Costing Accounts process with the transfer of other internal service costs.~~
- (g) For maintenance of Rail Infrastructure, a standard costing system using work orders underlies and balances to the Costing accounts. The work order system allows for the identification of costing information at an activity level, which then permits a functional analysis of such costs. Work orders typically incorporate a description of the nature of the activity undertaken and the location, ~~e.g. Line Section code, station code, etc;~~
- (h) For activities other than maintenance of Rail Infrastructure, information is drawn from the cost centre/account code (primarily the responsible cost centre and manager) and supporting information, such as supporting transaction explanations and traffic statistics, in order to undertake a functional analysis of these costs. Where supporting information does not provide sufficiently detailed information regarding the functions undertaken at a particular location, Aurizon may undertake surveys in order to gain such detailed information.
- (i) The assets, costs and revenue associated with each function are then separated into Below Rail or Other Services in accordance with the process set out in Part 4 of the Manual.

## PART 4. SEPARATION OF BELOW RAIL ASSETS, COSTS, REVENUE AND INVESTMENTS

### 4.1 INTRODUCTION

- (a) Paragraph 3.3.1 (a) (ii) of the Undertaking requires Aurizon Network to “*develop, on an annual basis,... Financial Statements*” which include a supplementary set of financial statements separately identifying Aurizon Network’s business in respect of the Rail Infrastructure regulated by this undertaking from any other business conducted by Aurizon Network (if any) and are otherwise developed in accordance with the methodology and format set out in the Costing Manual.”

Accordingly, this Manual is required to set out the process for identifying Below Rail assets, revenue and investments as well as costs, separately from other services provided by Aurizon Network.

- (b) Assets, costs, revenue and investments shall only include those items recorded in the accounts of Aurizon Network, except for the following:
- (i) Fixed assets recorded in Aurizon’s Fixed Asset Register held specifically for Aurizon Network (i.e. freehold land, property and some motor vehicles) shall be added to the assets of Aurizon Network for the purposes of preparing the Financial Statements;
  - (ii) ~~To the extent that the intercompany cost allocation is lower than the efficient stand alone corporate costs, if the intercompany transfers between Aurizon and Aurizon Network do not include an Allocation for corporate overhead,~~ an Allocation is to be calculated outside Aurizon’s Costing Accounts and added to the cost base of Aurizon Network for the purposes of preparing the Financial Statements.

### 4.2 SEPARATION OF BELOW RAIL ASSETS

#### 4.2.1 Classification of Assets

- (a) Assets shall only include those items recorded in the accounts of Aurizon Network, except for fixed assets recorded in Aurizon’s Fixed Asset Register held specifically for Aurizon Network (i.e. freehold land and some motor vehicles), which shall be added to the assets of Aurizon Network for the purposes of preparing the Financial Statements.

~~(b)~~ Assets shall be classified as Below Rail services provided by Aurizon Network or Other Services provided by Aurizon Network by determining the function for which the assets are required. In some instances, Attribution or Allocation of assets may be required in order to align with the Identified functions (Ident). Aurizon Network’s major asset categories are shown in Table 4.1.

~~(b)~~(c) Note that asset values have not been apportioned where they are used for the provision of both Below Rail and Other Services.

**Table 4.1 Aurizon Network Asset Categories**

	<u>Aurizon Network</u>		<u>Aurizon (held for Aurizon Network)</u>	
	<b>Below Rail Services</b>	<b>Other Services</b>	<b>Below Rail Services</b>	<b>Other Services</b>
<b>Fixed Assets</b>				
Land	Ident	Ident	Ident	<del>Ident</del>
Buildings	Ident/Attrib/ Alloc	Ident/Attrib/ Alloc	Ident	<del>Ident</del>
<del>Rollingstock</del>	<del>Ident</del>	<del>Ident</del>		
Plant and equipment	Ident/Attrib/ Alloc	Ident/Attrib/ Alloc		
Motor vehicles	Ident/Attrib/ Alloc	Ident/Attrib/ Alloc	Ident	<del>Ident</del>
Computers & misc. equipment	Ident/Attrib/ Alloc	Ident/Attrib/ Alloc		
Permanent way	Ident		Ident	<del>Ident</del>
Traction Power Equipment Distribution equipment Supply equipment	Ident Ident			
Facilities	Ident/Attrib/ Alloc	Ident/Alloc/ Attrib		
Signals Control systems Field signals	Ident Ident	Ident		
Telecommunications Backbone network <del>Customer premises equip.</del>	Ident <del>Ident/Attrib/ Alloc</del>	<del>Ident/Attrib/ Alloc</del>		
Assets under construction	Attrib	Attrib		
<b>Other Assets</b>				
Intangible Assets	Ident/Attrib/ Alloc	Ident/Attrib/ Alloc		
Receivables	Ident/Attrib/ Alloc	Ident/Attrib/ Alloc		
Inventories	<del>Ident/Alloc</del>	<del>Ident</del>		
Prepayments	Ident/Attrib/ Alloc	Ident/Attrib/ Alloc		
Investments		Ident		
Cash, net deferred income tax assets	Alloc	<del>Alloc</del>		

**4.2.2 Fixed Assets**

- (a) Details of fixed assets are recorded on Aurizon Network's Fixed Asset Register, or Aurizon's Fixed Asset Register in respect to some freehold land, property and motor vehicles, including each asset's cost centre, class, description and physical location.
- (b) Separation of the fixed assets into Below Rail services provided by Aurizon Network or Other Services provided by Aurizon Network shall be based on an analysis of cost centre data in Aurizon Network's or Aurizon's Fixed Asset Registers to identify assets to areas within Aurizon Network. These assets are associated with the functions provided by those areas within Aurizon Network and then Identified, Attributed or Allocated in a manner consistent with how that function is Identified, Attributed or Allocated to Below Rail services provided by Aurizon Network or Other

Services provided by Aurizon Network, giving consideration to the asset class, description and location.

- (c) In analysing fixed asset's cost centre data the following general principles are to be followed:
- (i) Aurizon Network assets are Below Rail, ~~except those attributed to asset maintenance services.~~
  - (ii) Assets attributed to sSupport aAreas (ie Network Finance and Commercial Development) are insignificant and are to be allocated to Below Rail ~~and Other Services.~~
  - (iii) Aurizon assets specifically held on behalf of Aurizon Network (freehold land, property and motor vehicles) are Below Rail, ~~except those attributed to asset maintenance services.~~
  - (iv) Where a particular function of the business to which the asset has been Identified as relating to performs both Below Rail Services and Other Services, the asset will be recognised as a Below Rail asset if the Other Services are incidental to, or insignificant compared to, the Below Rail Services (ie the value of the asset is not apportioned between Below Rail and Other Services on the same basis that expenses of the function may be apportioned).
- (d) The value of Fixed Assets on the Statement of Assets does not represent the Regulated Asset Base (RAB) due to differences in the calculation of the asset bases, including depreciation methods. The Fixed Assets on the Statement of Assets also includes assets that are not included in the RAB but for which a return on assets is included in the maintenance allowance for pricing purposes.

#### 4.2.2.1 Land

- (a) Land assets include any parcels of land owned by Aurizon and held on behalf of Aurizon Network and parcels of land owned directly by Aurizon Network. Land assets exclude corridor land, as Aurizon subleases the corridor land from Department of Transport and Main Roads and, hence, Aurizon or Aurizon Network does not own the corridor land.
- (b) Land assets shall be Identified to areas within Aurizon Network through analysis of the cost centre and responsible manager for each parcel of land. Once land assets are Identified to areas within Aurizon Network, these assets become associated with the functions provided by those areas within Aurizon Network. The land is then Identified as Below Rail services provided by Aurizon Network or Other Services provided by Aurizon Network in a manner consistent with how that function is Identified to Below Rail services provided by Aurizon Network or Other Services provided by Aurizon Network.

#### 4.2.2.2 Buildings

- (a) Buildings recorded in Aurizon Network's Asset Register are described according to the type of building and its location. Based on an analysis of this information, an assessment shall be made of the function/s associated with each building. To the

extent that more than one function is associated with a building, that building is Attributed between those functions.

- (b) Aurizon Network buildings, or portions thereof, shall be then Attributed or Allocated to Below Rail services provided by Aurizon Network or Other Services provided by Aurizon Network in a manner consistent with how the relevant function is Attributed or Allocated to Below Rail Services Rail services provided by Aurizon Network or Other Services provided by Aurizon Network.

#### ~~4.2.2.3 Rollingstock~~

- ~~(a) Rollingstock assets recorded on Aurizon Network's Fixed Asset Register are special purpose non-revenue vehicles used for infrastructure inspection including survey and profile vehicles. All of Aurizon Network's Rollingstock are Below Rail.~~

#### **4.2.2.34 Plant and Equipment**

- (a) Plant and equipment assets shall be Identified to areas within Aurizon Network through analysis of the cost centre for each piece of equipment. Once plant and equipment assets are Identified to areas within Aurizon Network, these assets become associated with the functions provided by those areas within Aurizon Network. The plant and equipment assets are then Identified, Attributed or Allocated as Below Rail or Other Services provided by Aurizon Network in a manner consistent with how that function is Identified, Attributed or Allocated to Below Rail Services or Other Services provided by Aurizon Network.

#### **4.2.2.45 Motor Vehicles**

- (a) The majority of Aurizon Network's motor vehicle Assets are controlled within a central fleet. Aurizon's Fixed Asset Register or Aurizon Network's Fixed Asset Register (for those vehicles owned directly by Aurizon Network) contain the cost centre of the vehicle, allowing Identification to areas within Aurizon Network.
- (b) Once motor vehicles are Identified to areas within Aurizon Network, these assets become associated with the functions provided by those areas of Aurizon Network. The motor vehicles shall then be Identified, Attributed or Allocated as Below Rail or Other Services provided by Aurizon Network in a manner consistent with how that function is Identified, Attributed or Allocated to Below Rail Services or Other Services provided by Aurizon Network.

#### **4.2.2.56 Computers and Miscellaneous Equipment**

- (a) Computers and miscellaneous equipment assets shall be Identified to areas within Aurizon Network through analysis of the cost centre and responsible manager for each piece of equipment recorded on Aurizon Network's Fixed Asset Register.
- (b) Once computers and miscellaneous equipment are Identified to areas within Aurizon Network, these assets become associated with the functions provided by those areas within Aurizon Network. The equipment shall then be Attributed or Allocated as Below Rail or Other Services provided by Aurizon Network in a manner consistent with how that function is Attributed or Allocated.



**4.2.2.67 Permanent Way**

- (a) Permanent Way assets are Identified to individual Line Sections and are Identified according to cost centre and Line Section codes. Aurizon Network's Permanent Way assets are Below Rail.

**4.2.2.78 Traction Power Distribution Equipment**

- (a) Traction power distribution equipment includes contact wire and the overhead support structure. Traction power distribution assets are Identified to specific line sections and to cost centres. All Aurizon Network's traction power distribution assets are Identified as Below Rail assets.

**4.2.2.89 Traction Power Supply Equipment**

- (a) Traction power supply equipment is used to supply electric energy for traction over the overhead traction power distribution system. Traction power supply equipment includes traction substation switchboards and transformers, power distribution assets and earthing and bonding equipment. Traction power supply equipment is Identified separately to any power supply assets that are used to provide electricity to facilities and buildings.
- (b) Given that energy is taken from Aurizon Network's electric overhead system by all electric trains in common, all traction power supply equipment is Identified as Below Rail assets.

**4.2.2.940 Facilities**

- (a) Each facility is described in Aurizon Network's asset register according to the type of facility and its location. Based on an analysis of this information, an assessment shall be made of the function/s associated with each facility. To the extent that more than one function is associated with a facility, that facility shall be Attributed between those functions.
- (b) Facilities, or portions thereof, shall then be Attributed or Allocated to Below Rail Services provided by Aurizon Network or Other Services provided by Aurizon Network in a manner consistent with how the relevant function is Attributed or Allocated to Below Rail Services provided by Aurizon Network or Other Services provided by Aurizon Network.

**4.2.2.104 Control Systems**

- (a) Control systems include real time information systems, signal control systems, traction power control systems and Train/Track monitoring systems.
- (b) Control systems shall be assessed according to cost centre and all such Aurizon Network assets, shall be treated as Below Rail, (typically wayside and control centre equipment).

**4.2.2.112 Field Signals**

- (a) Field signals include electrical signal interlocking, train order/DTC (field componentry), level crossing protection and tramway crossings.

- (b) Field signals shall be Identified as Below Rail services provided by Aurizon Network or Other Services provided by Aurizon Network assets from an analysis of asset cost centres.

#### 4.2.2.1~~23~~ Telecommunications

- (a) Telecommunications assets can be Identified as those required for the “backbone” telecommunication systems ~~and those required for customer premises. In addition, both backbone and customer premises assets~~ can be categorised by type of asset, e.g. cable, hand held radios, microwave.
- (b) Telecommunications backbone assets have a primary purpose of providing train control services as part of Below Rail Services.
- ~~(c) Telecommunications customer premises equipment shall be Identified to areas within Aurizon Network by an analysis of cost centres, and associated with the functions provided by those areas within Aurizon Network. The equipment shall then be Attributed or Allocated as Below Rail or Other Services provided by Aurizon Network in a manner consistent with how that function is Attributed or Allocated to Below Rail Services or Other Services provided by Aurizon Network.~~

#### 4.2.2.1~~34~~ Assets Under Construction

- (a) Aurizon Network capital projects are assessed in terms of whether, and to what extent, the project is being undertaken for the purpose of providing Below Rail Services or Other Services provided by Aurizon Network.
- (b) Assets under construction shall be Identified as Below Rail or Other Services provided by Aurizon Network based on an identification of each project currently underway and the extent to which the individual projects are related to Below Rail Services or Other Services provided by Aurizon Network.

#### 4.2.3 Intangible Assets

- (a) Intangible assets are items such as computer software, patents or copyrights. Aurizon Network has computer software that is reported under the heading of intangible assets. Details of computer software is recorded on Aurizon Network’s fixed asset register and amortised over its expected useful life.
- (b) Intangible assets shall be Identified to areas within Aurizon Network through analysis of the cost centre and responsible manager for the intangible asset recorded on Aurizon Network’s Fixed Asset Register.
- (c) Once intangible assets are Identified to areas within Aurizon Network, these assets become associated with the functions provided by those areas within Aurizon Network. The intangible asset shall then be Attributed or Allocated as Below Rail or Other Services provided by Aurizon Network in a manner consistent with how that function is Attributed or Allocated.

#### 4.2.4 Other Assets

- (a) Receivables recorded in the accounts of Aurizon Network shall be assessed and Identified to business areas through an analysis of the customer and the nature of the service that is provided to that customer. Once Identified to business areas, these assets shall be Identified, Attributed or Allocated as Below Rail or Other Services provided by Aurizon Network in a manner consistent with the way that service is



Identified, Attributed or Allocated to Below Rail or Other Services provided by Aurizon Network.

Aurizon Network's GST receivable and GST payable shall be offset and reported as an asset if a net receivable or treated as a liability if a net payable.

- (b) Inventories recorded in the accounts of Aurizon Network shall be Identified in terms of store location and cost centre that holds them. All inventory will be treated as being for Below Rail Services, as it cannot be identified at the point of acquisition where it will be used.
- (c) Prepayments recorded in the accounts of Aurizon Network shall be assessed and Identified to business areas through an analysis of the service provider and the nature of the service that is received from that service provider. Once Identified to business areas, these assets shall be Identified, Attributed or Allocated as Below Rail Services provided by Aurizon Network or Other Services provided by Aurizon Network in a manner consistent with the way in which that function is Identified, Attributed or Allocated to Below Rail Services provided by Aurizon Network or Other Services provided by Aurizon Network.
- (d) For the purposes of the Financial Statements, Aurizon Network's deferred tax assets and deferred tax liabilities shall be offset and only reported as an asset if a net deferred tax asset, and treated as a liability if a net deferred tax liability. Any resulting net deferred tax asset shall be Allocated as Below Rail.
- (e) Investments in other entities or joint ventures shall be Identified as Other Services provided by Aurizon Network.
- (f) Cash is Allocated as Below Rail.

#### 4.3 SEPARATION OF BELOW RAIL EXPENSES

- (a) Expenses shall only include those items recorded in the Costing accounts of Aurizon Network. However:
  - (i) To the extent that the intercompany cost allocation is lower than the efficient stand alone corporate costs, if the intercompany transfers between Aurizon and Aurizon Network do not include an Allocation for corporate overhead, an Allocation is to be calculated outside Aurizon's Costing Accounts and added to the cost base of Aurizon Network for the purposes of preparing the Financial Statements;
  - ~~(ii) Aurizon Network engages in some railway construction and maintenance work for external customers and also engages in project management, engineering and other technical work, for outside parties. These activities do not relate to the maintenance and management of Aurizon's Regulated Rail Infrastructure declared infrastructure. This is Identified separately in Aurizon's Costing system and will be classified as Other Below Rail Services. is excluded from the Financial Statements.~~
- (b) Expenses shall be classified as relating to Below Rail Services provided by Aurizon Network or Other Services provided by Aurizon Network by responsibility-based accounting determining the cost centre and function for which the costs are incurred.

In some instances, Attribution or Allocation of expenses may be required in order to align with the Identified functions. Aurizon Network's major expense categories are shown in Table 4.2 which lists the cost functions and summarises their assignment.

The costs associated with these functions (except a net Gain on Disposal of Assets or net Gain on Derivatives) shall be aggregated and reported as "Expenses" in the Statement of Earnings Before Interest and Tax.

Table 4.2 Summary of Procedures for Assigning Expenses

<b>Aurizon Network Cost</b>	<b>Below Rail Services</b>	<b>Other Services</b>
<b>Corridor/ Regional Costs</b>		
<b><i>Train Operations Management</i></b>		
Signalling and safeworking	Ident/ <u>Alloc</u>	<u>Alloc</u> <sup>1</sup>
Train control and scheduling	Ident/ <u>Alloc</u>	<u>Alloc</u> <sup>1</sup>
Operations management	Ident/ <u>Alloc</u>	<u>Alloc</u> <sup>1</sup>
<b><i>Infrastructure Maintenance</i></b>		
Track	Ident	
Bridge	Ident	
Buildings and Facilities	Ident/Alloc	<u>Ident/Alloc</u>
Signals	Ident	
Telecommunications		
<u>Customer premises</u>	<u>Ident/Attrib</u>	<u>Ident/Attrib</u>
Network backbone	Ident	
Traction power distribution equipment	Ident	
Traction power supply equipment	Ident	
<u>Inventory adjustments</u>	<u>Ident</u>	<u>Ident</u>
Other maintenance	Ident	Ident
<b><i>Derailment / Flood Repairs</i></b>		
Derailments and collisions	Ident	<u>Ident</u>
Flood Repairs	Ident	Ident
<b><i>Insurance and Accreditation Fees</i></b>		
Insurance Premium	Ident	Ident
Insurance Excess	Ident	Ident
Qld Transport Accreditation Fee	Ident	
<b><i>Other</i></b>		
Qld Competition Authority Levy	Ident	
Traction electricity energy cost	Ident	
Infrastructure management	Ident	Ident
Business support costs	<u>Ident/Allocated</u>	<u>Allocated</u>
<u>External construction works</u>		<u>Ident</u>
<b><i>Other Items</i></b>		
Land tax	Attrib	Attrib
(Gain)/ Loss on disposal of assets <sup>2#</sup>	Ident	Ident
(Gain)/Loss on derivatives <sup>2#</sup>	Alloc	Alloc
Professional fees (eg audit)	Alloc	Alloc
Bad/doubtful debts	Ident	Ident
Miscellaneous	Ident	Ident
<b>Corporate Overhead</b>	Allocated	<u>Allocated</u>
<b>Depreciation and amortisation</b>	Ident	Ident

1. Allocation to Other Services based on a notional % of FTEs allocated to non-coal train paths. At the date of this manual this has been calculated as 2%.

~~2#~~ (Gain) / Loss on Disposal of Assets or (Gain) / Loss on Derivatives may be either included in revenue or expenses depending upon whether Aurizon Network's total is a net gain or a net loss.

#### 4.3.1 CORRIDOR / REGIONAL COSTS – TRAIN OPERATIONS MANAGEMENT

##### 4.3.1.1 Signalling and Safeworking

(a) This line item relates to the operation of signal cabins and panels at stations for the safeworking of trains along corridors and in yards. This is performed by Aurizon Network staff, ~~is 100% Below Rail~~, and is Identified in Aurizon's Costing System.

##### 4.3.1.2 Train Control Scheduling

(a) This cost item is performed by Aurizon Network staff, ~~is 100% Below Rail~~ and is Identified in Aurizon's Costing System. The cost of the train control centres is Identified in Aurizon's Costing System separate from the operations management functions directly carried out by Aurizon Network.

##### 4.3.1.3 Operations Management

(a) Operations management functions are performed directly by Aurizon Network ~~and are 100% Below Rail~~. This cost item shall be Identified in Aurizon's Costing System separate from other train operations management functions, for example:

- Train control
- Signalling and safeworking
- Any other significant item that is not of an administrative nature.

#### 4.3.2 CORRIDOR/REGIONAL COSTS – INFRASTRUCTURE MAINTENANCE

##### 4.3.2.1 Maintenance of Track, Bridges, Signals and Traction Power Distribution Equipment

(a) The cost of these functions is identified by ~~line section and~~ cost centre in Aurizon's Costing System by utilising work orders with standard unit rates that allow for direct costs, indirect costs (leave, training, downtime etc) and a share of **infrastructure** administration costs.

(b) All the costs are Below Rail except for the following costs Identified from work orders:

(i) Maintenance of lines which are not part of the declared network and are maintained by Aurizon Network under contracts with the relevant infrastructure owner (these costs should be treated as Other Services provided by Aurizon Network).

(c) Costs associated with new construction on the declared Aurizon network shall be capitalised.

(d) Costs associated with new construction on lines that are not part of Aurizon Network's declared network shall be treated as Other Services provided by Aurizon Network.

##### 4.3.2.2 Maintenance of Traction Power Supply Equipment

- (a) All maintenance of the traction power supply systems is Identified as a Below Rail cost.

#### 4.3.2.3 Maintenance of Buildings and Facilities

- (a) Maintenance of Aurizon Network's building and facilities is derived in the Aurizon's Costing Accounts from work order cost details recorded in Aurizon's costing system, including location and type of building or facility and maintenance activity.
- (b) Maintenance costs are Identified with particular buildings or facilities, and Allocated to Below Rail Services provided by Aurizon Network or Other Services provided by Aurizon Network depending on the building or facilities use. Specific allocations are:
- (i) Maintenance of water, power and lighting facilities in Below Rail yards (Identified in the Undertaking) are 100% Below Rail;
- (ii) Buildings or facilities utilised for housing telecommunications backbone equipment are 100% Below Rail;

#### 4.3.2.4 Telecommunications

- (a) Telecommunications maintenance ~~relates is to be separated into two categories, the Telecommunications Backbone Network, and Customer Premises Equipment:~~

~~(i) — The Telecommunications Backbone Network~~

~~These core assets of the network include pole routes, optic fibre installations, microwave links, radio networks, exchanges and associated equipment. Most railways including Aurizon developed telecommunications networks for the purpose of linking train control centres to signals and other safe working communications. Over the years the backbone has been expanded in size, complexity and technical sophistication to cater for technical developments in train control and signalling but also for increasing use of the network for voice and data transmissions.~~

~~Aurizon Network is the "owner" of the backbone assets in the CQCR and maintenance costs of the backbone are separately Identified by work order. These costs are to be treated 100% Below Rail.~~

~~Aurizon Network charges revenue for use of the backbone by other parts of Aurizon (internal customers) and External customers (eg. Queensland Rail).~~

~~(ii) — Customer Premises Equipment (CPE)~~

~~CPE includes items such as:~~

- ~~• Train control telephone equipment~~
- ~~• Traction electricity distribution control equipment~~
- ~~• Data terminals and personal computer links~~
- ~~• Locomotive radios~~
- ~~• Mobile radios~~
- ~~• Passenger information display systems~~
- ~~• Telephone and fax machines~~
- ~~• Portable radio and yard shunt system~~
- ~~• Public address systems~~

~~Costs are recorded by costs centre (customer) and equipment / system type. From this information, the costs shall be Attributed to Below Rail Services~~

~~provided by Aurizon Network or Other Services provided by Aurizon Network in accordance with the treatment of the cost centres.~~

#### ~~4.3.2.5 — Inventory Adjustments~~

~~(a) — This item consists of two items:~~

- ~~(i) — Adjustments resulting from stocktakes of inventory;~~
- ~~(ii) — Credits to cost resulting from the “netting off” of revenue arising from inventory price fluctuations.~~

~~Inventory adjustments are Identified with cost centres and can be Identified with Below Rail Services provided by Aurizon Network or Other Services provided by Aurizon Network from an analysis of cost centres.~~

### **4.3.3 CORRIDOR/REGIONAL COSTS – OTHER ITEMS**

#### **4.3.3.1 Derailments and Collisions**

- (a) Infrastructure repair and other costs arising from derailments, collisions and other accidents recorded in the accounts of Aurizon Network shall be treated as Below Rail unless it relates to lines which are not part of the declared network and are maintained by Aurizon Network under contracts with the relevant infrastructure owner, in which case it will be Identified as Other Services.

#### **4.3.3.2 Flood Repairs**

- (a) Infrastructure repair and other costs arising from flooding and other natural disasters shall be separately recorded in the accounts of Aurizon Network, and treated as Below Rail unless it relates to lines which are not part of the declared network and are maintained by Aurizon Network under contracts with the relevant infrastructure owner, in which case it will be Identified as Other Services.

#### **4.3.3.3 Insurance**

- (a) Insurance premiums charged directly to Aurizon Network are able to be identified via the cost centre structure and can be identified with Below Rail Services provided by Aurizon Network or Other Services provided by Aurizon Network from an analysis of these cost centres.
- (b) The Aurizon Group has in place a group insurance program for a number of different insurance policies direct with the insurance market. The policies in this program cover Aurizon Network and its activities. A specific premium is not allocated by the insurers to Aurizon Network. The amounts recognised as insurance premiums in the Costing Accounts for Aurizon Network represent an allocation of the Aurizon Group’s premium. The insurance allowance included in the reference tariffs has been estimated for Aurizon Network on a standalone basis and not the allocation basis noted above.

#### **4.3.3.4 Qld Transport Accreditation Fees**

- (a) Qld Transport accreditation fees are Identified in the accounts of Aurizon Network and relate to Aurizon Network’s role as a Rail Manager, and therefore are Below Rail.

#### **4.3.3.5 Qld Competition Authority Levy**

- (a) The QCA Levy is Identified in Aurizon Network's Costing accounts and is Below Rail.

#### 4.3.3.6 Traction Electricity Energy Costs

- (a) Traction Electricity Energy cost is the actual cost of electric energy for motive power traction. It shall be treated as a Below Rail cost, because the electricity is taken from Aurizon Network's electric overhead system by all electric trains in common. Therefore, it is necessary for rail operators to purchase traction electricity from Aurizon Network.
- (b) Aurizon Network is responsible for the traction electricity supply contract. The cost can be Identified in the accounts of Aurizon Network.

#### 4.3.3.7 Infrastructure Management

- (a) This item refers to the management of the Below Rail infrastructure by Aurizon Network. This includes Regional Managers in major regional locations responsible for maintenance strategies. ~~All this cost is 100% Below Rail.~~
- (b) Aurizon's Costing Accounts shall separate Aurizon Network's infrastructure management costs from specific infrastructure maintenance costs in the Aurizon Network cost centres, ~~such as:~~
- ~~(i) — Inventory adjustments~~
  - ~~(ii) — Contract payments for maintenance of infrastructure~~
  - ~~(iii) — Capital works expensed~~
  - ~~(iv) — Any other significant items which should be reported separately or as part of another cost function.~~
- ~~(c) All the costs are Below Rail except for the management of infrastructure on lines which are not part of the declared network and are maintained by Aurizon Network under contracts with the relevant infrastructure owner (these costs should be treated as Other Services provided by Aurizon Network) and can be identified from work orders/timesheets.~~

#### 4.3.3.8 Business support costs

- (a) Business support costs includes management and support areas within the Network function that provides management and support services to the operational areas of Network. These include EVP, Finance, ~~Legal, Regulation and, Human Resources, Commercial Development and Safety.~~
- (b) Business support costs are incurred within Aurizon Network and are Identifiable in Aurizon Network's Costing accounts by cost centre. ~~To the extent that business support costs are included in Aurizon Network and determined to relate to other businesses of Network, (ie Specialised Track Services and Engineering & Project Delivery) these costs will be allocated to the other businesses using the Overhead Allocator shown in Schedule C.~~

Table 4.3 summarises the separation of business support costs.

**Table 4.3 Summary of Business support costs**



Business support costs	Network Below Rail Services Business	Other Below Rail Services Business Units
EVP Network	Ident/Alloc	Alloc
<del>Network Finance (2)</del>	<del>Alloc-Ident-</del>	<del>Alloc-</del>
<del>Legal (1)(2)</del>	<del>Ident</del>	
Network Regulation	Ident/Alloc	
<del>Human Resources (1)(2)</del>	<del>Alloc</del>	<del>Alloc</del>
Commercial Development	Ident/Alloc	Alloc
<del>Safety (1)(2)</del>	<del>Alloc</del>	<del>Alloc</del>

Costs of EVP, Regulation and Commercial Development by their nature predominantly relate to Below Rail Services. As timesheets are not kept to record time spent on various activities, an allocation to Other Services will be made based on % revenue Other Services compared to Below Rail Services. Under the functional model these costs are incurred predominantly within the non-operating functions of Aurizon.

(2) Network Finance costs are excluded from business management costs reported as Other Expenses as they are included as part of the corporate overhead charge. The allocation of corporate overhead costs (ref section 4.3.7) will be reduced by the amount of business support costs incurred within Aurizon Network and allocated as Below Rail.

#### 4.3.4 OTHER ITEMS

##### 4.3.4.1 Land Tax

- (a) Land tax is to be Attributed to Below Rail services provided by Aurizon Network or Other Services provided by Aurizon Network pro rata on the Attributed or Allocated value of Aurizon Network's land holdings, as recorded in Aurizon's and Aurizon Network's Fixed Asset Register, (refer paragraph 4.2.2.1).

##### 4.3.4.2 Miscellaneous

- (a) Other items occurring in the cost centres of Aurizon Network will be Below Rail Services provided by Aurizon Network or Other Services provided by Aurizon Network by Identification, depending on their specific nature.
- (b) Costs incurred in respect to investments in other entities or joint ventures shall be Identified as Other Services provided by Aurizon Network.

#### 4.3.5 EXPENSES NOT REPORTED IN FINANCIAL STATEMENTS

##### 4.3.5.1 Financing Costs

- (a) Financing costs of Aurizon Network are to be excluded from the Statement of Earnings before Interest and Tax.

#### 4.3.5.2 Income Tax Expense

- (a) Income tax expense of Aurizon Network is to be excluded from the Statement of Earnings before Interest and Tax.

#### 4.3.6 DEPRECIATION AND AMORTISATION

- (a) Depreciation and amortisation expenses shall only include those items recorded in the accounts of Aurizon Network. ~~Depreciation and amortisation expenses are recorded against cost centres of Aurizon Network which by analysis allow Identification, Attribution or Allocation of these expenses to Below Rail or Other Services provided by Aurizon Network.~~ As a guide, the methodology specified in Section 4.2.2, Fixed Assets, can also be used to separate depreciation and amortisation costs into Below Rail or Other Services provided by Aurizon Network.
- (b) Depreciation and amortisation expenses are recorded against cost centres of Aurizon Network which by analysis allows Identification, Attribution or Allocation of these expenses to Below Rail or Other Services provided by Aurizon Network.
- (c) Line section codes attached to assets in the Fixed Asset Register may be used to identify the infrastructure on which non-coal freight trains are run. Depreciation on this infrastructure will be reported as Other Services.
- (d) Depreciation on the Statement of Earnings before Interest and Tax does not represent the depreciation allowance in the reference tariffs due to differences in methodology between depreciation on the Regulated Asset Base and depreciation calculated under the Australian Accounting Standards.

#### 4.3.7 CORPORATE OVERHEAD

- (a) Corporate overhead is defined as “those activities concerned with the overall management, control and direction of the Aurizon Group and which do not involve any significant costs relating specifically to a business.”
- (b) ~~Corporate overhead shall only include amounts recorded in the accounts of Aurizon Network, except for the following:~~
- ~~If the intercompany transfers between Aurizon and Aurizon Network do not include an Allocation for corporate overhead, an Allocation is to be calculated outside Aurizon's Costing Accounts and added to the cost base of Aurizon Network for the purposes of preparing the Financial Statements;~~

Under the functional organisational model of the Aurizon Group, corporate services (e.g. payroll, HR services, computer services, admin building services, motor vehicle fleet management, legal services and most engineering services) are not charged to the operating functional units separately and are therefore included in corporate overhead.

- (c) Corporate overhead is Allocated as relating to Below Rail Services because it is based on the regulatory allowance because the allocation is calculated only to pertain to Below Rail Services.



~~(e)~~(d) The methodology employed for allocating the Aurizon Group's corporate costs to ~~B~~below ~~R~~rail ~~S~~services ~~i~~was as follows:

- (i) Obtain from Costing Accounts the operating expenses for each non-operational function of the Aurizon Group – eg. Finance (excluding direct Network Finance), Business Sustainability, Enterprise Services, Human Resources, Strategy, Safety and Board & CEO.
- (ii) Exclude cost centres in the Costing Accounts for each of these functional areas that are specifically related to operating functions other than below rail services.
- (iii) Apply allocators calculated as at the end of the financial year to all other cost centres in the Costing Accounts as summarised in Table 4.4 where:
  1. Network revenue % is the below rail network regulated revenue as a percentage of total Aurizon Group revenue
  2. FTEs % is the number of below rail network employees (and a notional allocation of corporate employees) as a percentage of total Aurizon Group employees.
  3. Assets % is the written down value of below rail Network assets as a percentage of the total written down value of Aurizon Group assets.
  4. Aurizon Network direct costs % is the direct operational and capital costs (excluding labour and depreciation) of the below rail network business as a percentage of the total direct operational and capital (excluding labour and depreciation) of the Aurizon Group.
  5. Blended rate is an average of the first three allocators.
  6. Network FTEs is the FTEs dedicated to below rail activities as percentage of the FTEs dedicated to the Aurizon Group's Network functional unit.

**Table 4.4 Summary of Aurizon Corporate Overhead Allocation**

Corporate Non-operating function	Allocator Applied
<b>Board &amp; CEO</b>	Blended
<b>Finance (excluding Network Finance)</b> - Mergers & Acquisitions - Procurement and <u>Accounts Payable</u> - <u>Payroll</u> - All other sub- functions	Nil Direct costs <u>FTEs</u> Blended
<b>Business Sustainability</b> - Enterprise Procurement - Real Estate  - Safety, health and environment  - All other sub- functions	Direct costs Generally identifiable by occupancy, with FTEs used for unidentifiable costs  Identifiable below rail costs – 100% Allocable costs – FTEs for labour costs and Blended for other costs  Blended
<b>Enterprise Services</b> - <u>Enterprise Procurement</u> - <u>Real Estate</u>	<u>Direct costs</u> <u>Generally identifiable by</u>

Corporate Non-operating function	Allocator Applied
<ul style="list-style-type: none"> <li>- Branding</li> <li>- Network legal counsel</li> <li>- All other sub functions</li> </ul>	<p><u>occupancy, with FTEs used for unidentifiable costs</u></p> <p>Network Revenue 100% Blended</p>
<p><b>Human Resources</b></p> <ul style="list-style-type: none"> <li>- EVP, bonuses, External Relations &amp; Communications</li> <li>- Network function HR management</li> <li>- All other sub- functions (excluding VERS costs)</li> </ul>	<p>Blended</p> <p>Network FTEs</p> <p>FTEs</p>
<p><u>Operations</u></p> <ul style="list-style-type: none"> <li>- <u>Safety</u></li> </ul>	<p><u>Identifiable below rail costs – 100%</u></p> <p><u>Allocable costs – FTEs for labour costs and Blended for other costs</u></p>
<p><b>Strategy</b></p> <ul style="list-style-type: none"> <li>- Enterprise strategy</li> </ul>	<p>Blended</p>

#### 4.4 SEPARATION OF BELOW RAIL REVENUE

- (a) Revenue shall only include those items recorded in the accounts of Aurizon Network.

Table 4.5 summarises the procedures for separating Aurizon Network revenue into Below Rail Services provided by Aurizon Network or Other Services provided by Aurizon Network.

**Table 4.5 Summary of Procedures for Separating Revenue**

	Below Rail Services provided by Aurizon Network	Other Services provided by Aurizon Network
<b>SALES REVENUE</b>		
Access charges - Coal	Ident	<u>Ident</u>
Access charges - Other	<u>Ident</u>	Ident
Electric traction energy charges	Ident	
<u>Contributions from developers</u>	<u>Ident</u>	
<b>OTHER REVENUE</b>		
Access facilitation charges	Ident	
<u>Contributions from developers</u>		
<u>Property revenue</u>	<u>Ident</u>	<u>Ident</u>
<u>Telecommunications revenue (internal and external)</u>	<u>Ident</u>	<u>Ident</u>
<u>Construction works revenue</u>	<u>Ident</u>	<u>Ident</u>
Insurance claims revenue	Ident	Ident
Other	Ident	Ident

##### 4.4.1 SALES REVENUE

- (a) This category relates to the main activities of Aurizon Network – provision of network infrastructure services.
- (b) Revenue items in this category are:
- External and internal below rail access revenue for Aurizon Network
  - Electric traction energy charges (EC)
  - ~~Developer contributions~~
  - External rebates
- ~~(c) The agreements underlying developer contributions are negotiated separately and the associated revenue recorded by cost centre.~~

#### 4.4.1.1 Access Charges

- (a) External and internal access revenue is recorded by cost centre in the accounts of Aurizon Network. These items are to be the amounts advised by Aurizon Network as being in accordance with the access agreements for the year concerned.
- ~~(b) Revenue from access charges for bulk coal trains shall be reported separately in the Financial Statements. Access charges for bulk coal trains shall comprise regulated tariffs AT1 to AT5, and aAny other non-regulated charges for these trains are reported as Below Rail Services revenue.~~
- ~~(b)~~
- ~~(c) Access charges – other includes access revenue received from the running of non-coal freight services.~~

#### 4.4.1.2 Electric Traction Energy Charges

- (a) This item relates to the EC charge only in respect to electric coal trains. These items are in the accounts of Aurizon Network with the amounts being in accordance with the access agreements for the year concerned.

## 4.4.2 OTHER REVENUE

### 4.4.2.1 External Other Revenue

- (a) Any external other revenue for Aurizon Network is Identifiable as Below Rail Services provided by Aurizon Network or Other Services provided by Aurizon Network from an analysis of cost centre data.
- (b) The most significant other revenue is developer contributions and access facilitation charges received pursuant to access facilitation deeds. These agreements and deeds are negotiated separately to reference tariffs and associated revenue recorded in separate Costing Accounts codes than access revenue. This is recognised as Below Rail Services revenue.
- ~~(c) Other typical Other Services revenue Below Rail items include property leasing revenue relating to corridor sites, veneering revenue sale of Preliminary Information items and other fees and telecommunications revenue relating to the backbone.~~
- ~~(d) External other revenue for Terminal Access Services is Identifiable as Other Services provided by Aurizon Network revenue.~~
- ~~(e) Other revenue remaining that is related to work on private railways/sidings or non-rail infrastructure is Identifiable as Other Services provided by Aurizon Network revenue.~~

### 4.4.2.2 Other Items

- (a) From time to time other revenue items may occur which this manual does not specifically anticipate. In such cases the general principles in Part 3 shall be followed.

### ~~4.4.2.3 Telecommunications Backbone Charges to Aurizon Operator Groups~~

- ~~(a) This item is recorded in the accounts of Aurizon Network and is 100% Below Rail.~~

## 4.5 SEPARATION OF BELOW RAIL INVESTMENTS

### 4.5.1 Information Source

- (a) Investments relate only to capital projects recorded in the accounts of Aurizon Network and are to be classified as Below Rail Services provided by Aurizon Network or Other Services provided by Aurizon Network by reference to the project details. Reports can be produced from the Costing System showing for every investment project, the project number, the responsible officer, the responsible group, the project title providing a brief description of the project, budget details and project-to-date and year-to-date expenditure. The supporting individual project reports can be referred to if further information is required about a project to assist in its classification.
- (b) Expenditure on fixed assets in the Statement of Investments represents the increase in fixed assets during the year.

### 4.5.2 General Methodology for Classification

- (a) The general principle to be followed in analysing the capital projects of Aurizon Network is the same as described in section 4.2.2.14 for Assets under Construction.
- (b) Aurizon Network capital projects are assessed in terms of whether, and to what extent, the project is being undertaken for the purpose of providing Below Rail Services or Other Services provided by Aurizon Network.
- (c) Expenditure on Assets under construction shall be Identified as Below Rail or Other Services provided by Aurizon Network based on an identification of each project currently underway and the extent to which the individual projects are related to Below Rail Services or Other Services provided by Aurizon Network.

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## ~~PART 5. HIERARCHY OF BELOW RAIL ASSETS, COSTS, REVENUE AND INVESTMENTS~~

### ~~5.1 Introduction~~

~~(a) Clause 12.1 of Aurizon Network's Access Undertaking defines this Costing Manual as:~~

~~“Costing Manual” means a manual prepared by Aurizon Network and approved by the QCA from time to time that identifies the following matters:~~

- ~~(i) for Financial Statements prepared under Clause 3.3.1(a)(i), the process for identifying, from Aurizon Network's Ultimate Holding Company's audited general purpose financial statements, the cost base for Below Rail Services, separate from other services provided by Aurizon Parties to which those Financial Statements relate; and~~
- ~~(ii) within the cost base for Below Rail Services, the process for identifying costs attributable to specified line sections (line section costs), costs not attributable to specified line sections but attributable to specified geographic regions (regional costs), and costs not attributable to specified line sections or any specified geographic region (network costs); and~~
- ~~(iii) the format of Financial Statements”~~

~~(b) The Access Undertaking (paragraph 3.3.1 (a) (ii) also requires Aurizon Network to “develop, on an annual basis ... Financial Statements” which include a supplementary set of financial statements separately identifying Aurizon Network's business in respect of the Rail Infrastructure regulated by this undertaking from any other business conducted by Aurizon Network (if any) and are otherwise developed in accordance with the methodology and format set out in the Costing Manual.”~~

~~Accordingly, this Manual is required to set out the process for identifying Below Rail assets, costs, revenues and investments for Below Rail Services provided by Aurizon Network attributable to line sections, regions and network wide.~~

### ~~5.25.1 Allocation and Attribution~~

~~(a) The Aurizon Network Rail Infrastructure regulated by the Access Undertaking is currently 100% of the rail infrastructure of Aurizon Network, currently CQCR.~~

~~(b) —~~

~~(c) The regions are described in Schedule A “Description of Regions.” Details of the numerous line sections defined into regions are provided in Aurizon's “Line Sections” report which is published annually.~~

~~(d) The regions have been defined to reflect geographic differences in rail infrastructure standards, utilisation and costs. To accommodate inclusion of new lines and significant changes in rail infrastructure standards and utilisation, minor changes may be made to the definition of the boundaries of the regions as specified in Schedule A subject to the approval of the QCA. Any such changes shall be included in Aurizon's annual Line Section report and reported as a note to the Financial Statements of the year of the change.~~

~~(d) The Regulated Rail Infrastructure, currently the Central Queensland Coal Region (CQCR) is defined in Schedule A or as amended in accordance with (c) above.~~

- ~~(e) The assets, costs, revenues and investments to be reported under the heading "CQCR" in the annual Financial Statements will be the sum of:~~
- ~~• assets, costs and investments identified as attributable to line sections in the CQCR; and~~
  - ~~• assets, costs, revenues and investments identified as attributable to regions in the CQCR.~~
- ~~(f) The line sections and regions have been allocated to cost centre level and each cost centre allocated to a business division within the financial structure in place (SAP hierarchy). This hierarchy attributes the assets, costs, revenues and investments to Below Rail or Other Services.~~

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## PART 56. FINANCIAL STATEMENTS

### 6.15.1 Format of Financial Statements

- (a) Paragraph 3.3.1(a) of the Undertaking allows Aurizon Network to seek approval by the QCA for the preparation of Financial Statements on an annual basis. Aurizon Network is required to “develop, on an annual basis:...
- ... (ii) “Financial Statements” which include a supplementary set of financial statements separately identifying Aurizon Network’s business in respect of the Rail Infrastructure regulated by this undertaking from any other business conducted by Aurizon Network (if any) and are otherwise developed in accordance with the methodology and format set out in the Costing manual.
- (b) The format to be used for the Financial Statements is specified in Schedule AB to this Manual.
- (c) Comparative information should be restated for changes in the Costing Manual.

### 56.2 Minor Changes to the Format

Minor changes to the wording, line items and columns in the Financial Statements can be made to meet changing circumstances subject to the approval of the QCA.

### 6.35.3 Notes to the Financial Statements

The Financial Statements shall be accompanied by notes which shall:

- (a) Refer to this Manual as the methodological basis of preparation of the Financial Statements;
- (b) Refer to the underlying records for Aurizon Network and where applicable Aurizon as being the source of information for preparation of the Financial Statements;
- (c) Refer to (but not repeat) the notes accompanying Aurizon Network’s general purpose financial statements for explanation of Aurizon Network’s accounting policies;
- (d) Explain the terms “Below Rail Services Provided by Aurizon Network” and “CQCR” and any changes during the year;
- ~~(e) Disclose amendments made to “CQCR” in Schedule A of the Manual during the year;~~
- ~~(f) Disclose changes made to the Overhead Allocator in Schedule BC during the year;~~
- ~~(g)~~ (e) Disclose other amendments made to the Manual during the year, including the financial impact, where such amendments have a material impact on the Financial Statements; and
- ~~(h)~~ (f) Provide explanation of material matters about which an informed reader would need to be aware to understand the Financial Statements.



## PART ~~67~~. DEFINITIONS

In this Manual, unless inconsistent with the Manual or context, the following words and expressions shall have the meanings identified in this Part ~~67~~. Other parts of speech or grammatical forms of a word or phrase defined in this Manual have a corresponding meaning.

**"Above Rail Services"** means those activities, other than Below Rail Services, required to provide and operate Train Services, including Rollingstock provision, Rollingstock maintenance, non Train Control related communications, train crewing, terminal provision and services, freight handling and marketing and administration of those services and **"Above Rail"** has a similar meaning.

**"Access"** means the non-exclusive utilisation of a specified section of Rail Infrastructure for the purposes of operating Train Services.

**"Access Charge"** means the price paid by a Railway Operator for Access under an Access agreement.

**"Act"** means the *Queensland Competition Authority Act 1997 (Qld)*.

**"Allocation"** means, where assets, costs, or revenues are jointly used for the provision of a function/service and where there is no direct causal relationship between the resources used and the function/service provided, the sharing of such joint costs between those functions/services.

**"Attribution"** means, where assets, costs or revenues are jointly used for the provision of a function/service and where there is a causal relationship between the resources used and function/service provided, the sharing of costs between those functions/services on a basis of cost causality.

**"Aurizon"** means Aurizon Holdings Limited the listed parent holding company. Aurizon wholly owns Aurizon Operations Limited that wholly owns Aurizon Network Pty Ltd.

~~**"Aurizon Deed Party"** means those entities in the Aurizon Group who entered into the Deed of Cross Guarantee on 11 March 2011.~~

**"Aurizon Network"** means Aurizon Network Pty Ltd, the legal entity established within Aurizon to manage the provision of Below Rail Services with the exception of stations and platforms.

**"Aurizon Operations"** means the wholly owned subsidiary of Aurizon Holdings Limited which wholly owns Aurizon Network Pty Ltd.

**"Below Rail Costs"** means the assets and/or costs, revenue and investments (as the context implies) associated with the provision of Below Rail Services.

**"Below Rail Services"** means the activities associated with the provision and management of Rail Infrastructure operated by Aurizon within Queensland which facilitates the provision of the regulated service being "the use of a coal system for providing transportation by rail", including the construction, maintenance and renewal of Rail Infrastructure assets, and the network management services required for the safe operation of Train Services on the Rail Infrastructure by Aurizon within Queensland, including Train Control Services and the implementation of safeworking procedures and **"Below Rail"** has a similar meaning.

**“Central Queensland Coal Region”** means the rail corridors:

- (i) ~~from ports at Hay Point and Dalrymple Bay to Blair Athol mine, North Goonyella mine, Hail Creek mine and the junction with the Gladstone to Gregory mine corridor;~~
  - (ii) ~~from the port of Gladstone (including domestic coal terminals in the vicinity of Gladstone) to Gregory, Minerva and Rolleston mines;~~
  - (iii) ~~from the port of Gladstone (including domestic coal terminals in the vicinity of Gladstone) to Moura mine and the loading facility for Baralaba mine in the vicinity of Moura mine;~~
  - (iv) ~~from the port of Abbot Point to Newlands mine; and~~
  - (v) ~~all branch lines directly connecting coal mine loading facilities to the abovementioned corridors.~~
- ~~(i) region defined as such in Schedule A.~~

**“Corporate Overhead”** costs are the cost of those activities that relate predominantly to the overall management, strategy and governance of the corporation and which under the Aurizon functional organisational model and incurred centrally and not within the operational functions. Under the Aurizon functional organisational model, Corporate Overhead also includes Corporate Services.

**“Corporate Services”** costs are the costs of services that are provided at the corporation wide level to groups and divisions within Aurizon and include, for example, payroll, HR services, computer services, administration building services, motor vehicle fleet management and legal services.

**“Costing accounts”** or **“Costing system”** means the SAP General Ledger used by the Aurizon Group and which are used to extract information for the preparation of management accounts and Financial Statements.

**“Costing Manual”** or **“Manual”** means the document prepared in accordance with Section 159 of the Act that identifies the matters outlined in Clause 12.1 of the Undertaking.

**“Expenses”** means all operating expenses including intercompany transfers.

**“Financial Statements”** means the statement of assets, statement of earnings before interest and tax and statement of investments, which separately identify Aurizon Network’s business in respect of the ~~Regulated~~-Rail Infrastructure currently the Central Queensland Coal Region from any other business conducted by Aurizon Network, and which are required in accordance with the Undertaking.

~~**“Geographic Region”** means the regions described in Schedule A.~~

**“Identification”** means, where costs are directly incurred, or assets directly used in the performance of a function/service, the identification of those costs to that function/service.

**“Line Section”** means a section of railway route as defined by Aurizon’s Network Assets division~~Survey Section~~ from time to time and that is identified for the purpose of classifying the Rail Infrastructure into line sections with reasonably consistent traffic (in terms of type of traffic and density of traffic) and reasonably consistent track standards.

~~**“Line Section Specific”** means assets, costs and investments able to be specifically identified or attributed to a Line Section.~~

**“Network”** means the operational business division established within the Aurizon Group to provide management services on the rail network.

**“Network Wide”** means assets, costs, revenue and investments associated with the provision of Below Rail Services not able to be Identified or Attributed to a Line Section or a Geographic Region.

~~**“Other Below Rail Services”** means the activities associated with the provision and management of Rail Infrastructure outside the Regulated Rail Infrastructure currently the Central Queensland Coal Region, including the construction, maintenance and renewal of Rail Infrastructure assets, and the network management services required for the safe operation of Train Services on the Rail Infrastructure outside the Regulated Rail Infrastructure currently the Central Queensland Coal Region, including Train Control Services and the implementation of safeworking procedures.~~

~~**“Other Services” provided by Aurizon Network** means the activities of Aurizon Network other than those associated with the provision and management of Rail Infrastructure in the Regulated Rail Infrastructure currently the Central Queensland Coal Region.~~

**“Permanent Way”** means track and bridge assets including formation, retaining walls, drainage systems, access roads, cuttings, embankments, tunnels, subways, fences along the rail corridor, ballast, sleepers, rails, rail fastenings, points and crossings, culverts and pipes (major), rail bridges and road overbridges (excluding footbridges). The term excludes fences surrounding other assets such as stations, freight terminals, workshops, depots and buildings.

**“QCA”** means the Queensland Competition Authority as established by the Act.

~~**“Rail Infrastructure”** means Rail Transport Infrastructure, except that the term does not include the track and associated infrastructure on those parts of the network not identified as Regulated Rail Infrastructure the responsibility of Aurizon Network in the Undertaking, and but for the purpose of clarity, does include all stations and platforms.~~

**“Rail Transport Infrastructure”** means rail transport infrastructure as defined in Schedule 6 of the Transport Infrastructure Act 1994 (Qld) for which Aurizon is the owner, lessee, or operator, Railway Manager.

**“Railway Manager”** has the meaning given to that term in the *Transport Infrastructure Act 1994 (Qld)*.

**“Railway Operator”** has the meaning given to that term in the *Transport Infrastructure Act 1994 (Qld)*.

**“Region Specific”** means assets, costs, revenue and investments associated with the provision of Below Rail Services not able to be Identified or Attributed to a specified Line Section, but able to be Identified or Attributed to a Geographic Region.

**“Rollingstock”** means locomotives, carriages, wagons, rail cars, rail motors, light rail vehicles, light inspection vehicles, rail/road vehicles, trolleys and any other vehicle that operates on or uses the Track.

**“Train”** means any configuration of Rollingstock operating as a unit on the track.

**“Train Control Services”** means the management and monitoring of Train movements and of all other operation of Rollingstock on the Rail Infrastructure and of any activities affecting or potentially affecting such Train movements or Rollingstock operation. Train Control Services specifically include:

- (i) recording Train running times on Train diagrams and in Aurizon's information systems;
- (ii) reporting of incidents occurring on the Rail Infrastructure;
- (iii) managing incidents occurring on the Rail Infrastructure from within a Train Control centre; and
- (iv) exchanging information with access holders

and "**Train Control**" has a related meaning.

**"Train Service"** means the operation of a Train between specified origins and destinations on the Rail Infrastructure.

**"Undertaking"** refers to Aurizon's access undertaking approved by the QCA in accordance with the Act in respect to the provision of Rail Infrastructure for the purpose of operating Train Services.

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# ~~AURIZON NETWORK COSTING MANUAL~~

## ~~SCHEDULE A~~

### ~~DESCRIPTION OF REGIONS~~

#### ~~CENTRAL QUEENSLAND COAL REGION~~

~~Barney Point and QAL to North Coast Line Jet (Parana) via flyover  
Parana to Callemondah via Moura Short Line  
Callemondah to Moura Mine  
Annandale to Boundary Hill  
Earlsfield to Callide Coalfields~~

~~Gladstone Station to Callemondah  
Callemondah to Powerhouse and Golding (RG Tanna Terminal)~~

~~Callemondah to Rocklands  
Mount Miller to Fishermans Landing  
Aldega to East End~~

~~Rocklands to Nogoia and branches  
Nogoia to Minerva mine~~

~~Hay Point/ Dalrymple Bay to Coppabella and branches  
Coppabella to North Goonyella and branches  
Wetonga to Blair Athol Mine Balloon Loop  
Coppabella to Gregory Junction and branches~~

~~Newlands to Abbot Point  
Pring to Merinda  
Collinsville to McNaughton  
Sonoma Mine Branch~~

# COSTING MANUAL – SCHEDULE **AB**

## PRO FORMA FINANCIAL STATEMENTS

### FINANCIAL STATEMENTS PURSUANT TO THE ACCESS UNDERTAKING

#### BELOW RAIL SERVICES PROVIDED BY AURIZON NETWORK

#### STATEMENT OF EARNINGS BEFORE INTEREST AND TAX

	FOR THE YEAR ENDED 30 JUNE XXXX					
	<u>FOR THE YEAR ENDED 30 JUNE XXXX</u>			FOR THE YEAR ENDED 30 JUNE XXXX		
	<u>Below Rail Services Central QLD-Coal Region</u>	<u>Rest-Of Network</u>	<u>Total Below Rail</u>	<u>Below Rail Services Central QLD-Coal Region</u>	<u>Rest-Of Network</u>	<u>Total Below Rail</u>
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>REVENUE</b>						
Access charges – Coal	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
Access charges – Other	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
Electric traction energy charges	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
<del>Contributions from developers</del>	<del>X,XXX</del>	<del>X,XXX</del>	<del>X,XXX</del>	<del>X,XXX</del>	<del>X,XXX</del>	<del>X,XXX</del>
Other	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
Total revenue	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
<b>EXPENSES</b>						
Infrastructure maintenance	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
Derailment / collision / flood repairs	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
Train operations management	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
<del>Infrastructure management</del>	<del>X,XXX</del>	<del>X,XXX</del>	<del>X,XXX</del>	<del>X,XXX</del>	<del>X,XXX</del>	<del>X,XXX</del>
Insurance and accreditation	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
<del>Traction electricity</del>	<del>X,XXX</del>	<del>X,XXX</del>	<del>X,XXX</del>	<del>X,XXX</del>	<del>X,XXX</del>	<del>X,XXX</del>
Other expenses	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
<del>Corporate Overhead transfers from Aurizon Holdings Limited Group</del>	<del>X,XXX</del>	<del>X,XXX</del>	<del>X,XXX</del>	<del>X,XXX</del>	<del>X,XXX</del>	<del>X,XXX</del>
Depreciation and amortisation	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
Total expenses	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
<b>EARNINGS BEFORE INTEREST AND TAX</b>	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX

## COSTING MANUAL – SCHEDULE AB (cont)

### PRO FORMA FINANCIAL STATEMENTS

#### BELOW RAIL SERVICES PROVIDED BY AURIZON NETWORK

##### STATEMENT OF ASSETS

	AS AT 30 JUNE XXXX			AS AT 30 JUNE XXXX		
	<u>Below Rail Services Central-QLD</u>			<u>Below Rail Services Central-QLD</u>		
	<u>Goal Region</u> \$000's	<u>Rest-Of Network</u> \$000's	<u>Total Below-Rail</u> \$000's	<u>Goal Region</u> \$000's	<u>Rest-Of Network</u> \$000's	<u>Total Below-Rail</u> \$000's
<b>CURRENT ASSETS</b>						
Cash	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>
Receivables	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>
Inventories	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>
Other	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>
<b>Total Current Assets</b>	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>
<b>NON – CURRENT ASSETS</b>						
Receivables	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>
<u>Inventories</u>	<u>X,XXX</u>	<u><del>X,XXX</del></u>	<u><del>X,XXX</del></u>	<u>X,XXX</u>	<u><del>X,XXX</del></u>	<u><del>X,XXX</del></u>
Fixed Assets						
Property (Land and Buildings)	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>
Plant and Equipment	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>
Infrastructure						
Permanent way	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>
Other	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>
Assets under construction	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>
	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>
Intangibles Assets	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>
Other	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>
<b>Total Non-Current Assets</b>	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>
<b>TOTAL ASSETS</b>	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>	X,XXX	<del>X,XXX</del>	<del>X,XXX</del>

**BELOW RAIL SERVICES PROVIDED BY AURIZON NETWORK**

**STATEMENT OF INVESTMENTS**

	FOR THE YEAR ENDED 30 JUNE XXXX			FOR THE YEAR ENDED 30 JUNE XXXX		
	<u>Below Rail Services</u> Central QLD Coal Region \$000's	<u>Rest-Of Network</u> \$000's	<u>Total Below Rail</u> \$000's	<u>Below Rail Services</u> Central QLD Coal Region \$000's	<u>Rest-Of Network</u> \$000's	<u>Total Below Rail</u> \$000's
Expenditure on fixed assets	x,XXX	x,XXX	x,XXX	x,XXX	x,XXX	x,XXX

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**~~AURIZON NETWORK COSTING MANUAL~~**

**~~SCHEDULE G~~**

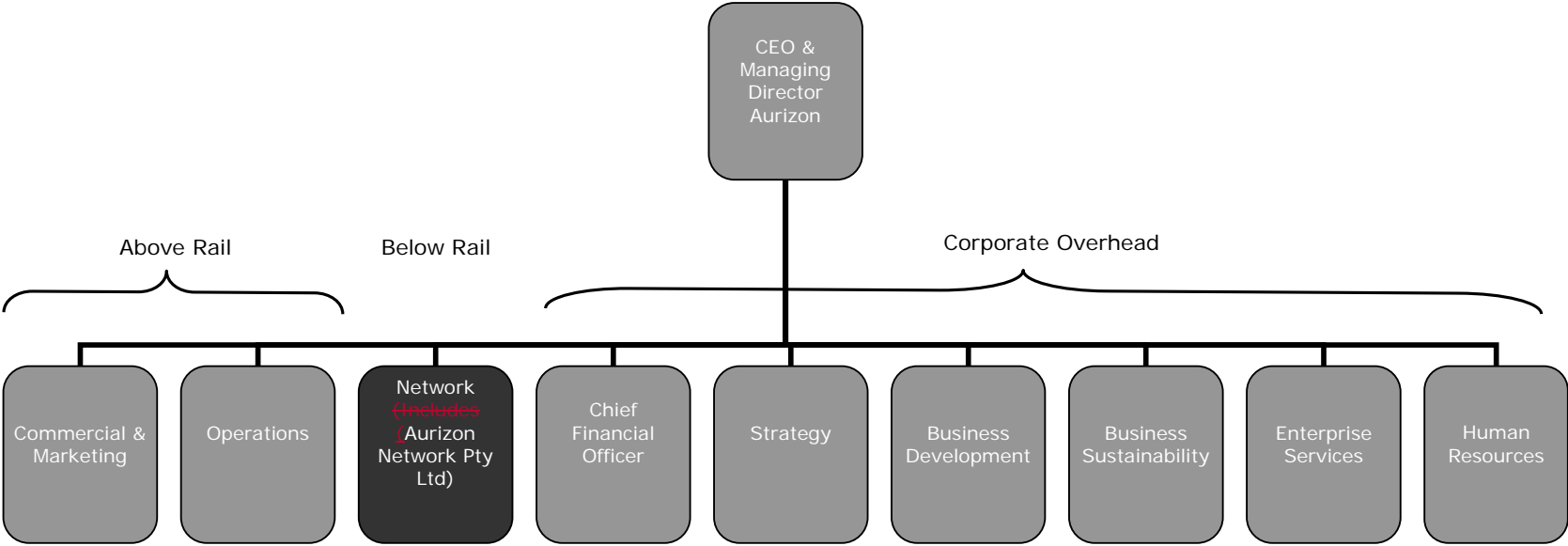
**~~OVERHEAD ALLOCATOR~~**

	<b>Relevant Clauses in the Manual</b>	<b>Ratio in Previous Manual (June 2012)</b>	<b>Amended Ratio</b>	<b>First Year of Application</b>
			<b>Ratio</b>	
<b><del>Overhead Allocator</del></b> <del>Business support costs attributable to businesses other than Aurizon Network</del>	4.3.3.8	75%	80%	2012/2013

# AURIZON NETWORK COSTING MANUAL

## SCHEDULE ~~BD~~

### AURIZON STRUCTURE



**AURIZON NETWORK COSTING -MANUAL**

**SCHEDULE CE**

**NETWORK FUNCTION STRUCTURE**

