

RSM Bird Cameron

Level 8 Rialto South Tower
 525 Collins Street Melbourne VIC 3000
 PO Box 248 Collins Street West VIC 8007
 T +61 3 9286 1800 F +61 3 9286 1999
 www.rsmi.com.au

REPORT OF FACTUAL FINDINGS

To the management of the Queensland Competition Authority (“the Authority”)

Scope of work and statement of responsibility

We have performed the procedures agreed with you to report factual findings for the purpose of assisting you in assessing capital projects submitted within the 2011/2012 Capital Expenditure Submission by Aurizon Network Pty Ltd (“Aurizon Network”), that were not subjected to a reasonable assurance audit. The procedures performed are described below with respect to the agreed capital expenditure projects included within the 2011/12 Capital Expenditure Submission.

As advised by email, dated 13 June 2013, we were requested to reconcile capitalised costs of selected projects (as set out in **Appendix 1**) as reported in the 2011/2012 Capital Expenditure Submission against the expenditure reported in Aurizon Network’s Accounting Management System (SAP).

The Authority’s Responsibility for the Procedures Agreed

The Authority is responsible for the adequacy, or otherwise, of the procedures agreed to be performed by us. The Authority is responsible for determining whether the factual findings provided by us, in combination with any other information obtained, provide a reasonable basis for any conclusions which you or other intended users wish to draw on the subject matter.

Assurance Practitioner’s Responsibility

Our responsibility is to report factual findings obtained from conducting the procedures agreed. We conducted this engagement in accordance with Standard on Related Services *ASRS 4400 Agreed-Upon Procedures Engagements to Report Factual Findings*. We have complied with ethical requirements equivalent to those applicable to *Other Assurance Engagements*, including independence.

Because the agreed-upon procedures do not constitute either a reasonable or limited assurance engagement in accordance with AUASB standards, we do not express any conclusion and provide no assurance on the capital expenditure of the selected projects. Had we performed additional procedures, or had we performed an audit or a review of the selected projects in accordance with AUASB standards, other matters might have come to our attention that would have been reported to you.

Factual Findings

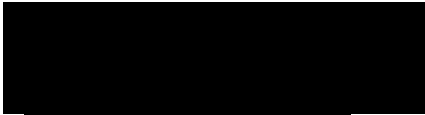
The procedures were performed solely to assist you in assessing the capital expenditure detailed within detailed in **Appendix 1**. The procedures performed and the factual findings obtained are as follows:

| Procedure | Factual Findings |
|---|--|
| We reconciled each project code’s capital expenditure (detailed in Appendix 1) obtained from the 2011/12 Capital Expenditure Submission, with the corresponding project capital expenditure balance within SAP. | We noted a \$300 variance in project A01573 Grantleigh Tunnel Duplication. This was attributable to a typing error in preparing the 2011/12 Capital Expenditure Submission (Refer Appendix 1 for further detail). |

Restriction on Distribution and Use of Report

This report is intended solely for the use of the Authority for the purpose set out above. As the intended user of our report, it is for you to assess both the procedures and our factual findings to determine whether they provide, in combination with any other information you have obtained, a reasonable basis for any conclusions which you wish to draw on the subject matter. As required by ASRS 4400, distribution of this report is restricted to those parties that have agreed the procedures to be performed with us (since others, unaware of the reasons for the procedures, may misinterpret the results). Accordingly, we expressly disclaim and do not accept any responsibility or liability to any party other than the Authority for any consequences of reliance on this report for any purpose.

RSM BIRD CAMERON



Chartered Accountants

J M IMBERT

Director

Melbourne

5 July 2013

APPENDIX 1 - AGREED PROJECTS SUBJECT TO PROCEDURES

| Project Name | Project Number | Project Type | 2011/12 Claimable Expenditure | Expenditure per SAP | Variance | Variance % |
|--|----------------|--------------------|-------------------------------|---------------------|----------|------------|
| Fist Fastener Sleeper Upgrade – Callemondah | A.04084 | Asset Replacement | \$3,501,185 | \$3,501,185 | - | - |
| Blackwater: Upgrade Culverts at 33.091km | A03708 | Asset Replacement | \$858,042 | \$858,042 | - | - |
| Tunnel Curve Realignment | A04135 | Asset Replacement | \$464,976 | \$464,976 | - | - |
| Grantleigh Tunnel Duplication | A01573 | Post Commissioning | \$348,461 | \$348,161 | \$300 | 0.09% |
| Callemondah Pan Cam | A02100 | Asset Replacement | \$291,528 | \$291,527 | - | - |
| Access Road Upgrade Goowarra-Dingo-Umolo | A03879 | Asset Replacement | \$219,722 | \$219,722 | - | - |
| Aldoga Axle Counter Renewal | A03830 | Asset Replacement | \$54,331 | \$54,331 | - | - |
| Blackwater: Battery Bank Upgrade 4 Sites | A03701 | Asset Replacement | \$5,866 | \$5,866 | - | - |
| Hay Point Departure Roads 1 & 2-Track | A03952 | Asset Replacement | \$4,257,035 | \$4,257,035 | - | - |
| Coppabella to Ingsdon Duplication | A02194 | Post Commissioning | \$1,131,599 | \$1,131,599 | - | - |
| Goonyella: Harmonic Filter Secondary System Replacement | A03448 | Asset Replacement | \$797,636 | \$797,636 | - | - |
| Culvert Upgrades Hatfield to Bolingbroke | A03884 | Asset Replacement | \$580,718 | \$580,718 | - | - |

APPENDIX 1 - AGREED PROJECTS SUBJECT TO PROCEDURES (CONT.)

| Project Name | Project Number | Project Type | 2011/12 Claimable Expenditure | Expenditure per SAP | Variance | Variance % |
|--|----------------|--------------------|-------------------------------|---------------------|----------|------------|
| Jilalan Yard Upgrade | A00893 | Post Commissioning | \$538,960 | \$538,960 | - | - |
| DBCT 3rd Loop - Feeder Station | A01505 | Post Commissioning | \$272,619 | \$272,619 | - | - |
| Broadlea - Mallowa - Wotonga Duplication | A01689 | Post Commissioning | \$259,605 | \$259,605 | - | - |
| Grasstree Beach Access Road Drainage Upgrade | A03794 | Asset Replacement | \$2,253 | \$2,253 | - | - |
| Byellee Angle | A00953 | Asset Replacement | \$408,202 | \$408,202 | - | - |
| Newlands: 53 to 60kg Rail Upgrade | A03803 | Asset Replacement | \$986,031 | \$986,031 | - | - |
| Bowen River Bridge Track Upgrade | A04035 | Asset Replacement | \$859,734 | \$859,734 | - | - |
| Collinsville LV Power and Comms Upgrade | A03826 | Asset Replacement | \$53,006 | \$53,006 | - | - |
| Newlands: Cutting Widening | A03795 | Asset Replacement | \$52,393 | \$52,393 | - | - |
| CQCR: Turnout Replacement Stages 2 & 3 | A02273 | Asset Replacement | \$4,965,970 | \$4,965,970 | - | - |
| CQCR: Control Centre Consolidation | A03649 | Asset Replacement | \$3,132,814 | \$3,132,814 | - | - |
| 6 Hole Glued Insulation Joint Asset Renewal | A03792 | Asset Replacement | \$1,808,657 | \$1,808,657 | - | - |
| ViziRail Technology Refresh | A02183 | Asset Replacement | \$349,362 | \$349,362 | - | - |

APPENDIX 1 - AGREED PROJECTS SUBJECT TO PROCEDURES (CONT.)

| Project Name | Project Number | Project Type | 2011/12 Claimable Expenditure | Expenditure per SAP | Variance | Variance % |
|---|----------------|-------------------|-------------------------------|---------------------|----------|------------|
| Insulation of feeder Wire | A03760 | Asset Replacement | \$262,477 | \$262,477 | - | - |
| UTC Monitor Upgrade Project | A02936 | Asset Replacement | \$249,514 | \$249,514 | - | - |
| Replacement of Radome covers | A03677 | Asset Replacement | \$208,129 | \$208,129 | - | - |
| LED Signal Replacement | A01048 | Asset Replacement | \$207,025 | \$207,025 | - | - |
| CQCR: Coal Loss Management | A02628 | Asset Replacement | \$199,022 | \$199,022 | - | - |
| CQCR: Weighbridge Replacement Strategy (Stage 2) | A02870 | Asset Replacement | \$190,841 | \$190,841 | - | - |
| Critical Neutral Section Replacement | A03805 | Asset Replacement | \$154,268 | \$154,268 | - | - |
| Rockhampton Network Control Centre Boundary Changes | A03302 | Asset Replacement | \$140,626 | \$140,626 | - | - |
| Traction Fault Locator Upgrade | A03829 | Asset Replacement | \$117,742 | \$117,742 | - | - |
| Rockhampton Yard: Control Instrument and Reference Wagons | A02613 | Asset Replacement | \$104,781 | \$104,781 | - | - |
| QRFL (Queensland Rail Fault Locator) Replacement | A02969 | Asset Replacement | \$101,431 | \$101,431 | - | - |

APPENDIX 1 - AGREED PROJECTS SUBJECT TO PROCEDURES (CONT.)

| Project Name | Project Number | Project Type | 2011/12 Claimable Expenditure | Expenditure per SAP | Variance | Variance % |
|---|----------------|-------------------|-------------------------------|---------------------|----------|------------|
| CQCR: Weighbridge Replacement Strategy (Stage 1) | A02276 | Asset Replacement | \$86,562 | \$86,562 | - | - |
| ViziRail Coal Network Paths | A02575 | Asset Replacement | \$72,089 | \$72,089 | - | - |
| CQCR: Weather Monitoring Stations & Devises | A03099 | Asset Replacement | \$56,329 | \$56,329 | - | - |
| UTC Enhancements: Supervisor Console Alarms | A03673 | Asset Replacement | \$49,391 | \$49,391 | - | - |
| WIM (Wheel Impact Monitor) Alarms to UTC | A03947 | Asset Replacement | \$31,516 | \$31,516 | - | - |
| Moura - DMR System Replacement | A02362 | Telecoms | \$15,822 | \$15,822 | - | - |
| CQCR: Renewal of Network Inspection Vehicle | A03543 | Asset Replacement | \$9,831 | \$9,831 | - | - |