

Audit Committee Charter

1. Purpose

- 1.1 The Audit Committee (the **Committee**) is a committee of the Queensland Rail Limited Board (the **Board**) created to assist the Board in the effective discharge of its responsibilities for the financial reporting, internal control structures, internal and external audit of Queensland Rail Limited (**Queensland Rail**).
- 1.2 This Charter sets out the role and responsibilities delegated by the Board to the Committee and the Committee's membership and structure.

2. Key Responsibilities

- 2.1 The Committee will review, oversee and report to the Board at least annually on the following:
 - a. the annual financial reporting process for Queensland Rail;
 - b. the process implemented to support the annual certifications for Queensland Rail to be provided by the Chief Executive Officer and Chief Financial Officer;
 - c. accounting policies for Queensland Rail;
 - d. the scope of Queensland Rail's internal audit and external audit programs and any material issues arising from these audits;
 - e. the performance of the internal and external auditors;
 - f. the effectiveness of the systems of accounting and internal controls for Queensland Rail;
 - g. the quality of reporting by Queensland Rail; and
 - h. the effectiveness of the processes used by management to monitor and ensure the Company's compliance with laws, regulations, ethical guidelines, ring fencing requirements and obligations for external reporting of financial information.

In addition to its responsibilities above, the Committee will make recommendations to the Board in regards to the appointment and dismissal of the General Manager Internal Audit.

3. Membership

- 3.1 The Committee will be structured so that it:
 - a. consists only of non-executive directors;
 - b. consists of a majority of independent directors;
 - c. is chaired by an independent chair, who is not the chair of the Board; and
 - d. has at least three members.
- 3.2 The Committee members:
 - a. will be financially literate and have a familiarity with finance and accounting principles and understand the operational, financial and strategic risk profile of the Company;
 - b. will be appointed by the Board which will select a Committee member as chair; and
 - c. will cease to be members if they cease to be a Board member.

- 3.3 The duties and responsibilities of a member of the Committee will be in addition to those set out for Board members.

4. Meetings

- 4.1 Committee meetings will be held quarterly or more frequently if required. In addition, the Chairman of the Committee may call such additional meetings as may be necessary to address any matters referred to the Committee by the Board, the Chief Executive Officer or other executives, or in respect of matters that the Committee wishes to pursue.
- 4.2 The quorum for the meeting will be half (rounded up to the nearest whole number) of the appointed Directors to the Committee.
- 4.3 Conflicts of Interest will be included as a standing item on the agenda.
- 4.4 The Queensland Rail Company Secretary or his/her delegate will be the Secretary of the Committee.
- 4.5 The Queensland Rail Company Secretary or his/her delegate will be responsible for the preparation and circulation of the meeting agenda and accurately minuting all decisions of the Committee in consultation with the Chairman. The Queensland Rail Secretary will also be responsible for the timely tabling of all correspondence, reports and other information relevant to the Committee's activities and operations.
- 4.6 Minutes and Actions are prepared within three business days of each Board meeting. Following review by the Chairman the Minutes are circulated to Directors for approval and inclusion in the Minute book within one month of the Committee meeting and the Actions are issued to Management for follow up.
- 4.7 The Chief Executive Officer, Chief Financial Officer, General Manager Internal Audit and other managers and employees may be required to attend Committee meetings (in whole or in part) on a regular basis or as requested from time to time by the Committee.
- 4.8 Representatives of the Queensland Audit Office on Queensland Rail external audit team will be invited to attend each meeting (in whole or in part), and offered the opportunity to meet alone with the Committee if they wish.

5. Scope, Access and Authority

- 5.1 The Committee is authorised to investigate any matter within the scope of its responsibilities and make appropriate recommendations to the Board.
- 5.2 The Committee has direct access to the Queensland Audit Office. It has the authority to seek any information it requires to carry out its duties from any officer or employee of Queensland Rail.
- 5.3 The Committee has the authority to consult any independent professional advisers it considers appropriate to assist in meeting its responsibilities.

6. Reporting

- 6.1 The Chair of the Committee reports to the Board at the earliest possible Board meeting after each Committee meeting.
- 6.2 The Committee will prepare and submit to the Board any additional reports as appropriate.
- 6.3 Through the above mechanisms all matters relevant to the Committee's role and responsibilities will be reported to the Board.

7. Charter

- 7.1 The Charter will be reviewed at least annually by the Committee to ensure that the Charter remains consistent with the Committee's authority, objectives and responsibilities.
- 7.2 Any changes to the Charter recommended by the Committee must be approved by the Board.

8. Publication of Charter

- 8.1 A copy of the Audit Committee Charter is available at www.queenslandrail.com.au.

Adopted by the Board on 29 August 2011.