Queensland Rail Limited

ABN 71 132 181 090

Financial report for the year ended 30 June 2026

Queensland Rail Limited
ABN 71 132 181 090
Financial report - 30 June 2026

Contents

Directors' report

The Directors present their report on the consolidated entity (referred to hereafter as the group) consisting of Queensland Rail Limited and the entity it controlled at the end of, or during, the year ended 30 June 2026.

Directors

A Wellington, Chair (appointed 8 August 2025)
D Marchant AM, Former Chair (ceased 8 August 2025)
S Cantwell (ceased 8 August 2025)
V Doogan (ceased 8 August 2025)
J Haber (appointed 8 August 2025)
L Hewitt (appointed 8 August 2025)
L Lynch (appointed 1 October 2023)
M McCracken (appointed 26 March 2026)
W McMillan (appointed 8 August 2025)
H Watson (ceased 8 August 2025)

Principal activities

During the year the continuing principal activities of the group consisted of the:
- management of railways;
- provision of rail transport services, including passenger services; and
- construction and maintenance of rail transport infrastructure.

Review of operations

The profit of the group for the financial year amounted to $262.3 million (2025: $201.6 million).

Dividends

A dividend of $201.6 million for the financial year ended 30 June 2025 was paid on 28 November 2025. In respect of the financial year ended 30 June 2026, a dividend of $262.3 million was declared to the holders of fully paid ordinary shares. This dividend will be paid on or before 30 November 2026.

Shares under option

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Significant changes in the state of affairs

No significant changes in the state of affairs of the group occurred during the financial year.

Matters subsequent to the end of the financial year

No matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

Directors' report (continued)

Likely developments and expected results of operations

The group will continue to work collaboratively with the Queensland Government and key stakeholders to deliver major infrastructure projects, integrate new assets into the rail network and lift operational performance.
Key deliverables include:

- Cross River Rail and European Train Control System - Continuing to work closely with the Cross River Rail Delivery Authority to deliver vital works that will enable integration of the tunnels and technology into the existing Queensland Rail network, together with the rollout of the world-class European Train Control System to enhance safety, improve network capacity and enable more efficient operations of trains on the network.
- Major project integration - continuing to support major infrastructure projects, including Cross River Rail, the European Train Control System, Beerburrum to Nambour Stage 1, and the Logan and Gold Coast Faster Rail projects, to ensure new assets are commissioned safely and are ready to support future customer growth.
- Queensland Train Manufacturing Program - continuing to work in partnership with the Queensland Government to deliver 65 locally manufactured trains and two new stabling yards to enhance fleet capacity and reliability.
- Network accessibility, reliability and resilience - progressing station accessibility upgrades and renewal works, including regional station upgrades at Bundaberg, Rockhampton and Maryborough West, Central station lift and escalator upgrades, and reliability improvement programs across the network and rollingstock fleet.

These infrastructure projects and upgrades will significantly increase the group's capacity to meet the growing demand for rail services and support Queensland's transport needs into the future, particularly in preparation for the Brisbane 2032 Olympic and Paralympic Games. The group remains committed to delivering safe, reliable, and customer-focused rail services while enhancing network capacity and operational performance.

Environmental regulation

The group is required to comply with applicable Federal, State and local government environmental legislation. Exposure is primarily related to protection of the environment and reporting of energy and greenhouse gas emissions.

During the reporting period, various environmental approvals were obtained to support the delivery of projects and operational activities.

There were no significant reportable environment incidents during the reporting period and all regulatory reporting obligations were met.

The group coordinates with the Queensland Department of Environment, Tourism, Science and Innovation (DETSI) and other regulators on environment matters as required.

The group continues to actively monitor and prepare for forthcoming legislative and regulatory changes.

Information on Directors and officers

A Wellington *BCom (Hons), MAcc, CA, GAICD, FCSI* Chair

Mr Wellington was appointed as a Non-Executive Director and Chair on 8 August 2025. Mr Wellington is an experienced senior leader with more than 20 years' experience in a range of strategic roles across Australia and overseas.

Mr Wellington has predominantly worked in Financial Advisory, specialising in the valuation of companies and businesses.

Mr Wellington has previously chaired the Financial Services Institute of Australia (FINSIA) Queensland Regional Council and served on the Board of Herron Todd White Australia and as Deputy Chair.

Mr Wellington is currently Independent Chair of Ellerslie Farms and LPC Farms (partly owned by Ellerslie Farms), who together are one of Australia's largest egg producers. He is also the Chair of Ellerslie Farms Finance and Risk Committee and Safety and Sustainability Committee. Mr Wellington is also Chair of the Brisbane Lions, who compete in the Australian Football League (AFL), and Chair of its Finance Committee, and served on the 2020 Queensland Government AFL Grand Final Bid Committee that successfully bid for Queensland to host the 2020 AFL Grand Final.

Directors' report (continued)

Information on Directors and officers (continued)

D Marchant AM *GAICD* Former Chair

Mr Marchant was appointed as a Non-Executive Director on 7 October 2015, Interim Chair on 15 October 2018 and Chair on 29 March 2019. Mr Marchant has extensive board experience and has held a number of executive and non-executive roles across a range of sectors including rail, road, water, gas, electricity, logistics and supply chain management. Mr Marchant is a former Chief Executive Officer of the Australian Rail Track Corporation and Director and Chair of the Australasian Railway Association. Mr Marchant also served as a Director of the Rail Industry Safety and Standards Board.

He has also worked as Managing Director of Lend Lease Engineering and Managing Director of Lend Lease Infrastructure Services, and as a Director of the Hunter Valley Coal Chain Coordination Company Pty Ltd and is a former Non-Executive Director of Airservices Australia.

Mr Marchant was appointed a Member of the General Division of the Order of Australia in 2013 for significant service to the rail industry through national structural reform and infrastructure upgrades and has been a member of the Australian Institute of Company Directors since 2000.

Mr Marchant ceased to be Chair and a Director of Queensland Rail Limited on 8 August 2025.

S Cantwell *MBus, BBus, Grad Dip Transport & Logistics Management, Masters Degree in Integrated Logistics Management, FCILT, FCIEAM, GAICD* Former Director

Mr Cantwell was appointed as a Non-Executive Director on 1 October 2016. Mr Cantwell has more than 40 years' experience in a broad range of strategic, functional and customer-facing roles within multi-billion dollar national and international business environments. In his executive career, Mr Cantwell has worked in a range of C-suite and Chief Executive Officer roles in both the private and public sector.

During six years at publicly listed Bradken, Mr Cantwell managed a global network of steel foundries and sales offices supplying differentiated consumable and capital products to markets in the resources, freight rail and power generation sectors in Australasia, Africa, China, India; as well as North and South America.

In his 33-year career at Queensland Rail, Mr Cantwell worked across various functions from entry level roles through to Chief Executive Officer. Mr Cantwell led what was then Australia's largest transportation company through significant restructuring and change, delivering growth and innovation across a broad portfolio of activities. As a result, he has established a reputation as a national leader in freight and passenger transport, and in supply chain innovation.

Mr Cantwell ceased to be a Director of Queensland Rail Limited on 8 August 2025.

V Doogan *B Agr Sc (Hons), B Sc, M Sc* Former Director

Ms Doogan was appointed as a Non-Executive Director on 1 October 2023. She has over 20 years' experience in corporate governance, administration, risk assessment and management, industrial relations and policy development.

Ms Doogan was formerly President of Together Queensland Branch of the Australian Services Union, an Executive Committee member of the Queensland Council of Unions and a member of the Australian Services Union National Executive.

Ms Doogan ceased to be a Director of Queensland Rail Limited on 8 August 2025.

J Haber Director

Mr Haber was appointed as a Non-Executive Director on 8 August 2025. Mr Haber is an accomplished technology executive and board director with extensive experience in digital transformation, cybersecurity and artificial intelligence (AI) across enterprise and government sectors.

As CEO of CapitalAI, Mr Haber specialises in helping large enterprises and government departments realise the benefits of AI through expert advisory services. He previously founded Intalock, one of Australia’s largest cybersecurity companies, which was successfully acquired by Spirit Technology in 2020.

Mr Haber served as Non-Executive Director of ASX-listed Spirit Technology where he played a key leadership role in the company’s transformation into a leading national technology solutions provider. He is a member of the Australian Information Security Association (ASIA), the Australian Computer Society (ACS) and the Peregian Digital hub.

Directors' report (continued)

Information on Directors and officers (continued)

Mr Haber's governance expertise encompasses technology, strategy, risk management, cybersecurity and regulatory compliance with a proven track record of guiding organisations through complex digital transformations.

L Hewitt *GAICD, MBA (Finance), BBus (Accounting)* Director

Ms Hewitt was appointed as a Non-Executive Director on 8 August 2025. With a career spanning senior leadership roles in finance, agribusiness and infrastructure, Ms Hewitt brings deep expertise in banking, governance and operations, risk management, supply chain, real estate and regional Australia.

Ms Hewitt is widely recognised for her ability to combine financial acumen with strategic leadership, ensuring value creation and sustainable growth for the sectors she serves.

Ms Hewitt is passionate about regional development, as well as building high performance cultures that best serve the interests of clients and the communities they live in.

Ms Hewitt is a Non-Executive Director of Northern Australia Infrastructure Facility.

L Lynch *BBus (Accountancy), MBA, FCPA, GAICD* Director

Ms Lynch was appointed as a Non-Executive Director on 1 October 2023. She is an accomplished board member and senior executive with significant board experience gained over 30 years in public transport operations, rail, mining, infrastructure and finance.

Ms Lynch is a former Managing Director of three iconic public transport networks - Sydney Ferries, Melbourne Bus Franchise and Gold Coast Light Rail. She was previously CFO of Aurizon Network, and held executive roles with Downer EDI, Leighton Contractors, Minera Alumbrera (Argentina) and M.I.M. Holdings Ltd.

Her governance skills include oversight of finance, stakeholders, organisational culture and risk management in 24/7 operational workforces and major infrastructure projects.

Ms Lynch is currently the Deputy Chair of the National Transport Commission and a member of its Audit and Risk Committee; Director of Fawkes Infrastructure Bidco Pty Ltd (Ventura Bus Melbourne) and Chair of its Investment and Tenders Committee, Member of its Audit and Risk Committee and its Environmental, Social and Governance Committee. Ms Lynch is a Director of JK Tech Pty Ltd and Chair of its Audit and Risk Committee, Director of Brisbane Youth Services Ltd and Chair of its Property Committee and an Independent Member of the Invest Gold Coast Audit and Risk Committee.

M McCracken *GAICD, MIR, BA (Pol,IR), GradDipBus, GradDipComm (Prof&Org)* Director

Ms McCracken was appointed as a Non-Executive Director on 26 March 2026. With a 30 year career spanning senior leadership and C-Suite roles in the resources, renewable energy and transport sectors in Western Australia, New South Wales and Victoria, and more than 10 years in non-executive director roles, she brings expertise in leadership development, employee relations, community and external relations, communications, freight and logistics, infrastructure, workplace health and safety, risk management, corporate strategy and governance.

Ms McCracken is Chair of The Stella Prize Inc, Chair of the Freight and Logistics Council of WA and a Non-Executive Director of R C Sadlier Pty Ltd, Strategic Advisor of Derwent Search and Member Salaries and Allowances Tribunal (Western Australia).

W McMillan *BBus and Marketing, BA (Commerce/Government), MAICD* Director

Ms McMillan was appointed as a Non-Executive Director on 8 August 2025. Ms McMillan has more than 30 years' experience across private and government sectors in industries including rail, infrastructure, transportation, mining, construction, ports and consulting services.

Throughout her career Ms McMillan has been instrumental in facilitating organisational growth and her expertise spans across strategy, commercial, financial, acquisitions, change, integration, capital programs, operations, manufacturing, risk and governance.

Ms McMillan's most notable achievements include serving as the Senior Regional Vice President Southeast Asia, Australia, and New Zealand for the Fortune 300 US entity Wabtec Corporation (NYSE: WAB); President for Australia and New Zealand at Bombardier Transportation (TSX: BBD); and Chief Executive Officer of the Rolling Stock Development Division in the Victorian Government.

Directors' report (continued)

Information on Directors and officers (continued)

Ms McMillan has held senior executive positions in companies including Everything Infrastructure Group (EIG), the John Holland Group, Australia Trade Coast, and the Port of Brisbane Corporation. She has also previously served on the Queensland Rail Board between 2012 - 2016.

Ms McMillan is the Chief Executive Officer of Nyrstar Australia, and is a Director of MPR Advisory, Director of Fawkes Instructure Pty Ltd (Ventura Bus Melbourne) and Chair of its Environmental, Social and Governance Committee and a member of its Nomination and Remuneration Committee and its Strategic Initiatives Committee.

Ms McMillan is a Member, Challenge Review Panel for consortium bid by RATP DEV, John Holland and Downer for Melbourne Train Refranchising #5.

H Watson *LLB, GradCertBus, MAICD* Former Director

Ms Watson was appointed as a Non-Executive Director on 6 June 2018. Ms Watson is a lawyer and governance consultant bringing more than 35 years as a private sector lawyer and partner in a regional and metropolitan practice in Queensland.

Ms Watson's non-executive director and commercial industry experience extends to industries relating to aged care, health and community services, affordable housing and Indigenous communities.

Ms Watson's governance experience, both as an advisor and director, includes organisations with large workforces, multiple locations, significant property interests, business model transitions, subsidiary structures and complex stakeholder interests.

Ms Watson ceased to be a Director of Queensland Rail Limited on 8 August 2025.

K Williams *LLB / BA, LLM* Company Secretary

Ms Williams was appointed as Company Secretary on 12 December 2024. Ms Williams holds a Bachelor of Laws (Hons) / Bachelor of Arts (Asian and International Studies) Law, Graduate Diploma in Applied Legal Practice, Graduate Diploma of Applied Corporate Governance, Master of Laws (LLM) and has 14 years' experience in senior governance roles within retail property, infrastructure, entertainment, mining and financial services industries.

Meetings of Directors

The number of meetings the company's Board of Directors and each Board Committee held during the year ended 30 June 2026, and the number of meetings attended by each Director were:

	Board		Audit and Risk Committee		People, Safety and Environment Committee		Major Projects and Procurement Committee	
	A	B	A	B	A	B	A	B
A Wellington[1]	17	17	4	4	4	4	3	3
D Marchant AM[2]	1	1	-	-	-	-	1	1
S Cantwell[3]	1	1	-	-	-	-	1	1
V Doogan[3]	1	1	-	-	-	-	-	-
J Haber[4]	17	17	4	4	4	4	3	3
L Hewitt[4]	16	17	4	4	-	-	3	3
L Lynch	18	18	4	4	4	4	4	1
M McCracken[5]	4	6	-	-	-	-	-	-
W McMillan[4]	17	17	2	-	4	4	3	3
H Watson[3]	1	1	-	-	-	-	-	-

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year

[1] Appointed as Chair and Director on 8 August 2025
[2] Ceased as Chair and Director on 8 August 2025
[3] Ceased as Director on 8 August 2025
[4] Appointed as Director on 8 August 2025
[5] Appointed as Director on 26 March 2026

Directors' report (continued)

Indemnification and insurance of officers

During the financial year, Queensland Rail Limited paid a premium in respect of an insurance contract to indemnify officers against liabilities that may have arisen from their position as officers of the parent and its controlled entity. Officers indemnified include the Company Secretary, Directors and all executive officers participating in the management of the group.

Further disclosure required under section 300 of the *Corporations Act 2001* is prohibited under the terms of the contract.

Proceedings on behalf of the company

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Rounding of amounts

The company is of a kind referred to in the *ASIC Corporations Instrument 2026/183*, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

This report is made in accordance with a resolution of Directors.

A Wellington
Chair

Brisbane, Qld
27 August 2026

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Queensland Rail Limited

This auditor's independence declaration has been provided pursuant to s.307C of the *Corporations Act 2001.*

Independence declaration

As lead auditor for the audit of Queensland Rail Limited's financial report for the year ended 30 June 2026, and lead auditor of Queensland Rail Limited's sustainability reportfor the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the auditof the financial report or the review ofthe sustainability report

(b) no contraventions of any applicable code of professional conduct in relation to the audit of the financial report or of the review of the sustainability report.

This declaration is in respect of Queensland Rail Limited and the entities it controlled during the period.

27 August 2026

Rachel Vagg
Auditor-General

Queensland Audit Office
Brisbane

Consolidated statement of profit or loss and other comprehensive income
for the year ended 30 June 2026

	Notes	**2026 $'000**	2025 $'000
Revenue from operations	1	**3,162,938**	2,959,671
Other income		**4,013**	4,126
Total revenue and other income		**3,166,951**	2,963,797
Supplies and services	2	**(653,129)**	(611,098)
Reimbursement of employee costs		**(1,425,918)**	(1,355,197)
Depreciation and amortisation	8, 9, 10	**(469,499)**	(451,161)
Other expenses		**(55,126)**	(68,849)
Total expenses		**(2,603,672)**	(2,486,305)
Operating profit		**563,279**	477,492
Finance income		**7,508**	703
Finance expenses	3	**(196,492)**	(185,100)
Net finance costs		**(188,984)**	(184,397)
Profit before income tax equivalent		**374,295**	293,095
Income tax equivalent expense	4	**(112,026)**	(91,453)
Profit for the year		**262,269**	201,642
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**262,269**	201,642

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position
as at 30 June 2026

	Notes	**2026 $'000**	2025 $'000
ASSETS			
Current assets			
Cash and cash equivalents	5	**358,307**	201,559
Trade and other receivables	6	**73,706**	269,337
Prepayments		**27,136**	24,961
Inventories	7	**139,828**	116,711
Total current assets		**598,977**	612,568
Non-current assets			
Prepayments		**1,190**	1,506
Inventories	7	**38,405**	43,128
Property, plant and equipment	8	**11,742,415**	10,513,689
Intangible assets	9	**48,841**	43,944
Right-of-use assets	10	**111,162**	54,358
Other assets		**41,878**	42,104
Total non-current assets		**11,983,891**	10,698,729
Total assets		**12,582,868**	11,311,297
LIABILITIES			
Current liabilities			
Trade and other payables	11	**1,312,393**	1,082,548
Lease liabilities	10	**13,754**	14,077
Provisions	12	**4,326**	4,925
Other liabilities		**14,079**	13,797
Total current liabilities		**1,344,552**	1,115,347
Non-current liabilities			
Trade and other payables	11	**43,873**	52,190
Borrowings	19	**5,953,000**	5,803,000
Lease liabilities	10	**98,941**	49,648
Provisions	12	**4,588**	5,000
Deferred tax equivalent liabilities	13	**645,113**	561,465
Other liabilities		**89,422**	85,815
Total non-current liabilities		**6,834,937**	6,557,118
Total liabilities		**8,179,489**	7,672,465
Net assets		**4,403,379**	3,638,832
EQUITY			
Contributed equity	14	**4,290,690**	3,526,143
Retained earnings		**112,689**	112,689
Total equity		**4,403,379**	3,638,832

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity
for the year ended 30 June 2026

	Notes	Contributed equity $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2025		**3,526,143**	**112,689**	**3,638,832**
Profit for the year		-	262,269	262,269
Other comprehensive income		-	-	-
Total comprehensive income for the year		**-**	**262,269**	**262,269**
Transactions with owners in their capacity as owners:				
Contributions of equity	14	764,547	-	764,547
Dividends provided for or paid	15	-	(262,269)	(262,269)
		764,547	**(262,269)**	**502,278**
Balance at 30 June 2026		**4,290,690**	**112,689**	**4,403,379**
Balance at 1 July 2024		**3,083,918**	**112,689**	**3,196,607**
Profit for the year		-	201,642	201,642
Other comprehensive income		-	-	-
Total comprehensive income for the year		**-**	**201,642**	**201,642**
Transactions with owners in their capacity as owners:				
Contributions of equity	14	444,213	-	444,213
Distributions of equity	14	(1,988)	-	(1,988)
Dividends provided for or paid	15	-	(201,642)	(201,642)
		442,225	**(201,642)**	**240,583**
Balance at 30 June 2025		**3,526,143**	**112,689**	**3,638,832**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
for the year ended 30 June 2026

	Notes	**2026 $'000**	2025 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**533,922**	503,291
Receipts from Rail Transport Service Contract (inclusive of GST)		**3,107,760**	2,651,576
Interest received		**7,762**	252
Payments to suppliers and employees (inclusive of GST)		**(2,286,943)**	(2,171,020)
Interest and other costs of finance paid		**(283,346)**	(236,037)
Net GST paid		**(161,814)**	(127,978)
Net cash inflow from operating activities	16	**917,341**	620,084
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		**(1,054,807)**	(1,084,334)
Proceeds from the disposal of property, plant and equipment and intangible assets		**9,603**	9,152
Loans from related parties		**-**	3,822
Repayment of loans from related parties		**(30,467)**	-
Net cash (outflow) from investing activities		**(1,075,671)**	(1,071,360)
Cash flows from financing activities			
Contributions of equity		**379,466**	-
Proceeds from borrowings	18	**150,000**	804,366
Repayments of principal element of lease liabilities	18	**(12,746)**	(12,853)
Dividends paid	15	**(201,642)**	(140,611)
Net cash inflow from financing activities		**315,078**	650,902
Net increase in cash and cash equivalents		**156,748**	199,626
Cash and cash equivalents at the beginning of the financial year		**201,559**	1,933
Cash and cash equivalents at end of year	5	**358,307**	201,559

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the consolidated financial statements

Notes to the consolidated statement of profit or loss and other comprehensive income

1 Revenue from operations

	2026 **$'000**	2025 $'000
Revenue from contracts with customers		
Rail Transport Service Contract revenue	**2,685,432**	2,540,289
Network access revenue	**255,776**	244,523
Other revenue from customer contracts	**129,058**	87,849
Travel and Tourism revenue	**54,973**	54,159
Operating lease revenue	**32,242**	30,096
Other revenue		
Other revenue	**5,457**	2,755
	3,162,938	2,959,671

The group recognises revenue as it satisfies performance obligations by transferring control of goods or services to customers, measured at the transaction price allocated to those performance obligations.

(a) Rail Transport Service Contract

The Rail Transport Service Contract (TSC) between Queensland Rail Limited and the State of Queensland was executed on 30 June 2022, with an initial four-year term commencing 1 July 2022 and two extensions up to a maximum term of seven years. On 30 June 2026, the Department of Transport and Main Roads, acting on behalf of the State of Queensland, executed a Deed of Variation extending the TSC for a further 12 months to 30 June 2027. A further extension option of up to two years remains available under this contract.

Under the TSC, Queensland Rail Limited provides rail services that include Citytrain Services, Travel and Tourism Services, asset and network infrastructure maintenance, and other related integration and support services. These services represent distinct performance obligations that are satisfied over time. Accordingly, revenue is recognised progressively as the services are delivered to the State of Queensland during the reporting period.

(b) Network access

Revenue generated from rail network access is calculated based on a number of operating parameters (such as tonnage hauled) applied to either regulator approved tariffs or negotiated access agreements. In some circumstances where paths are not utilised by customers, a take-or-pay fee is charged. This fee is subject to individual access contracts. Revenue generated from the utilisation of the Access Rights is recognised over time as the services are provided. Take-or-pay revenue is recognised at a point in time at the end of the annual assessment period, when the customer's utilisation is assessed against the contracted annual threshold and the resulting take-or-pay charge is determined in accordance with the relevant access agreement.

(c) Travel and Tourism

Revenue from Travel and Tourism comprises ticket and related sales for Traveltrain and Tourist train services. Revenue is recognised at a point in time, when the service is provided and income relating to future services is accounted for as a liability. The sale of catering items is recognised when the goods have been transferred to the customer.

1 Revenue from operations (continued)

(d) Liabilities related to contracts with customers

2026	**Travel and Tourism revenue $'000**	**Other revenue from customer contracts $'000**	**Rail Transport Service Contract revenue $'000**	**Total $'000**
Opening balance	6,358	18,505	2,645	27,508
Revenue recognised from the opening balance as performance obligations are satisfied	(6,358)	(2,596)	(1,841)	(10,795)
Contract liabilities recognised as performance obligations not yet satisfied	69,305	16,313	-	85,618
Revenue recognised as performance obligations are satisfied	(62,550)	(13,449)	-	(75,999)
Closing balance	6,755	18,773	804	26,332

2025				
Opening balance	5,545	18,616	3,757	27,918
Revenue recognised from the opening balance as performance obligations are satisfied	(5,545)	(2,536)	(1,112)	(9,193)
Contract liabilities recognised as performance obligations not yet satisfied	67,704	15,783	-	83,487
Revenue recognised as performance obligations are satisfied	(61,346)	(13,358)	-	(74,704)
Closing balance	6,358	18,505	2,645	27,508

2 Supplies and services

	2026 $'000	2025 $'000
Materials and consumable items	**225,122**	178,602
Trade services	**164,981**	165,675
Professional services and fees	**94,992**	117,570
Lease and hire charges	**52,322**	28,309
Traction electricity and train fuel	**39,328**	41,297
Utilities	**30,468**	28,378
Other supplies and services	**24,472**	26,473
Vehicle running expenses	**21,365**	18,417
Capital and external works	**79**	6,377
	653,129	611,098

3 Finance expenses

	2026 $'000	2025 $'000
Interest and finance charges on borrowings	**193,198**	183,421
Interest on lease liabilities	**2,823**	1,329
Other interest	**471**	350
	196,492	185,100

4 Income tax equivalent expense

Income tax equivalent expense comprises current and deferred tax equivalent, except where amounts are recognised directly in equity. Income tax equivalent expense is recognised in the consolidated statement of profit or loss and other comprehensive income.

Current tax equivalent represents the expected tax payable on taxable income for the period, calculated using applicable tax rates, and adjusted for prior period tax outcomes.

Deferred tax equivalent is determined using the balance sheet method, recognising temporary differences between the carrying amounts of assets and liabilities and their respective tax bases.

(a) Income tax equivalent expense

	Notes	2026 $'000	2025 $'000
Current tax equivalent		**47,641**	46,881
Deferred tax equivalent		**64,873**	43,372
Adjustments for current tax equivalent of prior periods		**(488)**	2,992
Recognition of capital tax loss		**-**	(1,792)
		112,026	91,453
Deferred income tax equivalent expense / (benefit) included in income tax equivalent expense comprises:			
(Increase) in deferred tax equivalent assets	13	**(13,402)**	(12,163)
Increase in deferred tax equivalent liabilities	13	**78,275**	55,535
		64,873	43,372

(b) Numerical reconciliation of income tax equivalent expense to prima facie tax payable

	2026 $'000	2025 $'000
Profit from continuing operations before income tax equivalent expense	**374,295**	293,095
Tax at the Australian tax rate of 30% (2025: 30%)	**112,289**	87,929
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Entertainment	**2**	-
Research and development	**-**	67
Luxury car tax	**-**	5
Other	**223**	460
Adjustments for current tax equivalent of prior periods	**(488)**	2,992
	(263)	3,524
Total income tax equivalent expense	**112,026**	91,453

(c) Income tax consolidation

Queensland Rail and its wholly-owned Australian subsidiaries (Queensland Rail Limited and On Track Insurance Pty Ltd) form an income tax consolidated group under the National Tax Equivalent Regime. Income tax equivalent payments are made to the Queensland Government.

In accordance with Interpretation 1052 *Tax Consolidation Accounting*, subsidiaries recognise the tax effects of their own transactions. Queensland Rail, as the parent entity, recognises the group's aggregate current tax liability and the benefit of any tax losses transferred to subsidiaries where recovery through future taxable profits is considered probable.

Queensland Rail Limited and On Track Insurance Pty Ltd compensate Queensland Rail for current tax payable assumed on consolidation and are compensated by Queensland Rail for current tax receivable and deferred tax assets (including unused tax losses or credits) transferred to the parent entity. These balances are recognised as non-current inter-company receivables or payables.

Notes to the consolidated statement of financial position

5 Cash and cash equivalents

	2026 $'000	2025 $'000
Cash on hand	**15**	15
Bank balances	**6,152**	1,813
Short-term investments	**352,140**	199,731
	358,307	201,559

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6 Trade and other receivables

	2026 $'000	2025 $'000
Trade receivables	**37,642**	233,402
Less: loss allowance	**(11)**	(34)
	37,631	233,368
Rail Transport Service Contract receivables	**9,247**	16,334
Other receivables	**26,828**	19,635
	36,075	35,969
Total trade and other receivables	**73,706**	269,337

Trade and other receivables are initially recognised at the transaction price and are subsequently measured at and classified at amortised cost. Trade receivables generally have standard payment terms of 7 to 30 days. The group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which requires the use of the lifetime expected loss provision for all trade receivables.

Expected credit losses are estimated using historical credit loss experience, adjusted where appropriate for current conditions and reasonable and supportable forward-looking information, including expected economic conditions relevant to the debtor portfolio. Given the nature of the group's customers and historical collection experience, expected credit losses are immaterial. Debts which are known to be uncollectible are written off.

Other receivables are classified as current assets unless collection is not expected within the 12 months from the reporting date.

7 Inventories

	2026			2025		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Raw materials and stores	**159,044**	**38,405**	**197,449**	144,115	43,128	187,243
Work in progress	**4,476**	**-**	**4,476**	4,087	-	4,087
Less: allowance for obsolescence and excess inventory	**(23,692)**	**-**	**(23,692)**	(31,491)	-	(31,491)
	139,828	**38,405**	**178,233**	116,711	43,128	159,839

The value of inventories reported includes items held in centralised stores, workshops and infrastructure and rollingstock depots. Cost comprises cost of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition. Inventories are valued at the lower of cost and net realisable value. Cost is determined using a moving average cost methodology. Items expected to be consumed after more than one year are classified as non-current.

Inventory recognised as expense during the year ended 30 June 2026 amounted to $100.2 million (2025: $79.7 million).

Judgements and estimates

The allowance for inventory obsolescence and excess inventory is determined based on management's assessment of specific inventory classes, primarily relating to infrastructure and rollingstock maintenance items. The assessment uses detailed inventory information to identify inventory that is slow-moving, obsolete or held in excess of operational requirements. Damaged inventory is separately assessed and provided for as required. Changes in management's assessment are recognised in the reporting period in which they occur.

8 Property, plant and equipment

(a) Movements in property, plant and equipment

	Work in progress $'000	Land $'000	Buildings $'000	Plant and equipment $'000	Major plant and equipment $'000	Infrastructure $'000	Total $'000
At 1 July 2025							
Cost	2,165,874	88,190	1,173,291	508,240	2,188,610	9,111,575	15,235,780
Accumulated depreciation and impairment losses	-	(138)	(456,258)	(247,694)	(1,225,305)	(2,792,696)	(4,722,091)
Net book amount	2,165,874	88,052	717,033	260,546	963,305	6,318,879	10,513,689
Year ended 30 June 2026							
Opening net book amount	2,165,874	88,052	717,033	260,546	963,305	6,318,879	10,513,689
Additions	1,348,508	-	-	-	-	-	1,348,508
Loss on asset derecognition	(34,523)	-	-	-	-	-	(34,523)
Transfers between asset classes	(589,627)	294	54,819	269	184,963	349,282	-
Transfers to expenses	(5)	-	-	-	-	-	(5)
Transfers from State Government	-	-	189,573	1,944	-	193,564	385,081
Disposals	-	(1,706)	(702)	(3,814)	(1,316)	(14,452)	(21,990)
Depreciation expense	-	-	(43,997)	(30,209)	(117,387)	(256,752)	(448,345)
Closing net book amount	2,890,227	86,640	916,726	228,736	1,029,565	6,590,521	11,742,415
At 30 June 2026							
Cost	2,890,227	86,778	1,413,761	492,778	2,285,498	9,587,200	16,756,242
Accumulated depreciation and impairment losses	-	(138)	(497,035)	(264,042)	(1,255,933)	(2,996,679)	(5,013,827)
Net book amount	2,890,227	86,640	916,726	228,736	1,029,565	6,590,521	11,742,415

8 Property, plant and equipment (continued)

(a) Movements in property, plant and equipment (continued)

	Work in progress $'000	Land $'000	Buildings $'000	Plant and equipment $'000	Major plant and equipment $'000	Infrastructure $'000	Total $'000
At 1 July 2024							
Cost	1,877,046	90,714	979,099	445,323	2,138,346	8,245,004	13,775,532
Accumulated depreciation and impairment losses	-	(509)	(423,101)	(236,859)	(1,234,537)	(2,575,488)	(4,470,494)
Net book amount	1,877,046	90,205	555,998	208,464	903,809	5,669,516	9,305,038
Year ended 30 June 2025							
Opening net book amount	1,877,046	90,205	555,998	208,464	903,809	5,669,516	9,305,038
Additions	1,239,999	-	-	189	-	-	1,240,188
Loss on asset derecognition	(37,421)	-	-	-	-	-	(37,421)
Transfers between asset classes	(913,480)	-	84,227	42,221	180,829	606,203	-
Transfers to expenses	(270)	-	-	-	-	-	(270)
Transfers to State Government	-	(1,988)	-	-	-	-	(1,988)
Transfers from State Government	-	-	113,613	45,191	-	285,409	444,213
Disposals	-	(165)	(537)	(5,091)	(921)	(2,573)	(9,287)
Depreciation expense	-	-	(36,268)	(30,428)	(120,412)	(239,676)	(426,784)
Closing net book amount	2,165,874	88,052	717,033	260,546	963,305	6,318,879	10,513,689
At 30 June 2025							
Cost	2,165,874	88,190	1,173,291	508,240	2,188,610	9,111,575	15,235,780
Accumulated depreciation and impairment losses	-	(138)	(456,258)	(247,694)	(1,225,305)	(2,792,696)	(4,722,091)
Net book amount	2,165,874	88,052	717,033	260,546	963,305	6,318,879	10,513,689

8 Property, plant and equipment (continued)

(b) Initial recognition

Items of property, plant and equipment that are expected to provide future economic benefits and have a historical cost equal to or in excess of the following thresholds are recognised in the year of acquisition:

- $1 for land;
- $5,000 for plant and equipment and major plant and equipment; and
- $10,000 for infrastructure and building assets.

Property, plant and equipment is measured at cost less accumulated depreciation. Expenditure that does not meet the definition of an asset is expensed in the year of acquisition.

Work in progress

The cost of property, plant and equipment constructed by the group includes the cost of all materials used in construction, direct labour, site preparation, interest and foreign currency gains and losses incurred where applicable and an appropriate proportion of variable and fixed overheads based on direct labour hours.

The transfers between asset classes represents property, plant and equipment commissioned during the period.

Land

The *Transport Infrastructure Act 1994* stipulates that the group only retains ownership of its non-corridor land. As such, only non-corridor land is recorded in these accounts. Ownership of corridor land remains with the Department of Natural Resources and Mines, Manufacturing and Regional and Rural Development on behalf of the State. This land is leased to the Department of Transport and Main Roads and subsequently subleased to the group for no cost. The sublease term is for an initial term of 100 years with a renewal option for an additional 100 years.

(c) Subsequent and maintenance costs

Subsequent costs are only recognised as property, plant and equipment when there is an increase in the original assessed capacity or service potential of an asset, it is probable that future economic benefits associated with the item will flow to the group and the cost can be measured reliably. Costs related to repairs and maintenance activities are expensed when incurred. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

(d) Depreciation

Assets are depreciated from the date of acquisition, or, in respect of internally constructed or manufactured assets, from the time an asset is completed and held ready for use.

Land is not depreciated as it has an unlimited useful life.

Work in progress is not depreciated until construction is completed and the asset is put to use or is available for its intended use, whichever is earlier. These assets are then reclassified to the relevant class within property, plant and equipment.

Buildings, plant and equipment, major plant and equipment and infrastructure are depreciated on a straight-line basis over the useful life net of the residual value. Motor vehicles, included in plant and equipment, are depreciated using the diminishing value basis.

For each class of property, plant and equipment other than infrastructure assets, the following range of useful lives are used:

Class	Depreciation method	Useful lives
Buildings	Straight-line	10 - 50 years
Plant and equipment	Straight-line	4 - 25 years
Major plant and equipment	Straight-line	8 - 40 years

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated separately where this results in depreciation expense that is materially different.

8 Property, plant and equipment (continued)

(d) Depreciation (continued)

The following range of useful lives are used for infrastructure asset and their subcomponents:

Rail	45 - 50 years
Sleepers	17 - 70 years
Ballast	30 years
Civil works, bridges and tunnels	20 - 100 years
Electrification and field signals	15 - 50 years
Infrastructure facilities	7 - 99 years

The useful lives of assets are estimated based on the expected period over which economic benefits or service potential from their use are derived. Residual values are estimated based on the consideration expected to be received from a willing buyer at the end of an asset's useful life.

The remaining useful lives and residual value of assets are reviewed annually, considering factors such as historical and forecast usage levels, technological developments, changes in legal and economic conditions, the physical condition of assets, and movements in relevant market indices and prices.

Changes in estimated useful lives and residual values of property, plant and equipment are accounted for prospectively.

(e) Impairment

Non-current assets, including work in progress, are assessed for impairment annually to ensure that the carrying amount does not exceed the recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit (CGU).

For the purposes of assessing impairment, assets are grouped into CGUs at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are identified consistently from period to period unless a change is justified by changes in facts and circumstances.

During the current reporting period, the group reassessed its CGU identification and determined that, following the introduction of the access charge rebate by the State Government, the Mount Isa Line's cash inflows are no longer largely independent. Accordingly, the Mount Isa Line has been incorporated into the Regional CGU. As a result, the group adopted two CGUs for impairment testing purposes, being South East Queensland and Regional. This change has been applied prospectively as it reflects a change in management's assessment of the level of independence of the Mount Isa Line's cash flows.

An impairment assessment was performed as at 30 June 2026. No impairment losses were recognised in the current or prior reporting periods.

Judgements and estimates

The value in use calculations require management to exercise judgement in the development of cash flow projections and the selection of key assumptions, including:

- allocation of enterprise-level forecast cash flows to CGUs;
- determination of an appropriate discount rate (WACC); and
- terminal growth assumptions applied in the perpetuity calculation.

(f) Asset transfers from State Government

Section 78 Amendment Number 2 to the Transfer Notice - Rail Related Assets and the Enduring Designation of Equity Transfer for the New Gold Coast Stations was gazetted on 10 October 2025. The amendment authorised the transfer of specific Cross River Rail Delivery Authority delivered New Gold Coast Stations assets from the State Government to the entity by way of an equity transfer.

The transfer has been accounted for as a contribution by owners in accordance with AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and Financial Reporting Requirements 4F Equity, Contributions by Owners and Distributions to Owners.

8 Property, plant and equipment (continued)

(f) Asset transfers from State Government (continued)

During the current reporting period, the group recognised $385.1 million of above rail infrastructure assets transferred from the State Government as contributions by owners. The transfers are primarily comprised of Pimpama Station and Hope Island Station delivered under the New Gold Coast Stations program and Salisbury Station delivered under the Rail, Integration and Systems program.

9 Intangible assets

	Software work in progress $'000	Software purchased $'000	Software internally generated $'000	Other intangibles $'000	Total $'000
At 1 July 2025					
Cost	20,134	163,144	10,718	273	194,269
Accumulated amortisation and impairment losses	-	(140,163)	(10,162)	-	(150,325)
Net book amount	20,134	22,981	556	273	43,944
Year ended 30 June 2026					
Opening net book amount	20,134	22,981	556	273	43,944
Additions	17,117	-	-	-	17,117
Transfers between asset classes	(7,817)	7,817	-	-	-
Transfers to expenses	(122)	-	-	-	(122)
Disposals	-	(406)	-	-	(406)
Amortisation expense	-	(11,561)	(131)	-	(11,692)
Closing net book amount	29,312	18,831	425	273	48,841
At 30 June 2026					
Cost	29,312	160,868	9,862	273	200,315
Accumulated amortisation and impairment losses	-	(142,037)	(9,437)	-	(151,474)
Net book amount	29,312	18,831	425	273	48,841
At 1 July 2024					
Cost	12,392	161,296	10,718	273	184,679
Accumulated amortisation and impairment losses	-	(132,056)	(9,840)	-	(141,896)
Net book amount	12,392	29,240	878	273	42,783
Year ended 30 June 2025					
Opening net book amount	12,392	29,240	878	273	42,783
Additions	12,834	-	-	-	12,834
Transfers between asset classes	(5,092)	5,092	-	-	-
Transfers to expenses	-	-	-	-	-
Disposals	-	(64)	-	-	(64)
Amortisation expense	-	(11,287)	(322)	-	(11,609)
Closing net book amount	20,134	22,981	556	273	43,944
At 30 June 2025					
Cost	20,134	163,144	10,718	273	194,269
Accumulated amortisation and impairment losses	-	(140,163)	(10,162)	-	(150,325)
Net book amount	20,134	22,981	556	273	43,944

Intangible assets with a historical cost equal to greater than $100,000 are recognised in the financial statements. Items with a lesser cost are expensed.

9 Intangible assets (continued)

Costs incurred in developing products or systems, and costs incurred in acquiring software and perpetual licence fees that are expected to generate future economic benefits, are recognised as intangible assets when the recognition criteria are met.

Expenditure on research activities relating to internally-generated intangible assets is expensed when incurred. Any training costs are expensed as incurred.

All intangible assets have finite useful lives and are amortised on a straight-line basis over their estimated useful lives. For each class of intangible asset, the following amortisation rates are used:

Software purchased	4 - 18 years
Software internally generated	6 - 15 years

10 Leases

(a) Details of leasing arrangements as lessee

The group routinely enters into leases for land and buildings, telecommunication infrastructure and plant and equipment. Lease terms for leases that are recognised on the consolidated statement of financial position can range from 1 to 30 years. Several leases have renewal or extension options.

The group is also party to specific arrangements which would satisfy the criteria for recognition as a lease under AASB 16 *Leases*. However, the consideration for these arrangements amount to, in most cases, $1 per annum. These arrangements are commonly referred to as “peppercorn leases”. These include access to corridor land from the Department of Transport and Main Roads. As the group recognises the right-of-use (ROU) assets at cost, these leases are immaterial and therefore no ROU assets or lease liabilities are recognised.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The group recognises right-of-use assets and corresponding liabilities for all operating leases, except for short-term and low-value leases, at the date at which the leased asset is available for use by the group, in accordance with AASB 16.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made, under reasonably certain extension options, are also included in the measurement of the liability.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the group's incremental borrowing rate is used, being the Queensland Treasury Corporation's (QTC) Fixed Loan Rates that correspond with the lease commencement month and lease term.

The group is exposed to potential future increases in variable lease payments based on an index or rate. When the rate or index is unknown and are not implicit in the contract, they are not included in the lease liability until they take effect. The group's exposure is primarily due to market reviews or consumer price indexation. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period based on a constant periodic rate of interest on the remaining balance of the liability for each period.

10 Leases (continued)

(a) Details of leasing arrangements as lessee (continued)

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are depreciated over the lease term on a straight-line basis.

Payments associated with short-term leases and all leases of low-value assets are recognised as a direct expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. The group's low-value asset threshold is $10,000. This threshold is applied to the value of the asset when new, regardless of the age of the asset when being leased.

Judgements and estimates

The determination of the right-of-use assets and lease liability is dependent on a number of judgements including:
- whether a contract is, or contains, a lease;
- expected payment terms, for example monthly in advance;
- the index or rate in determining lease payments;
- costs incurred in connection with a lease that are not part of the cost of the right-of-use asset; and
- reasonable certainty of exercising options.

(i) Amounts recognised in the consolidated statement of financial position

Right-of-use assets

	Land and buildings $'000	Infrastructure $'000	Plant and equipment $'000	Total $'000
At 1 July 2025	**43,333**	**10,540**	**485**	**54,358**
Additions	86,885	1,136	202	88,223
Remeasurement	(26,396)	4,461	-	(21,935)
Depreciation / amortisation expense	(7,715)	(1,403)	(344)	(9,462)
Derecognised	(22)	-	-	(22)
At 30 June 2026	**96,085**	**14,734**	**343**	**111,162**
At 1 July 2024	**49,934**	**11,546**	**613**	**62,093**
Additions	-	144	238	382
Remeasurement	4,623	34	-	4,657
Depreciation / amortisation expense	(11,224)	(1,178)	(366)	(12,768)
Derecognised	-	(6)	-	(6)
At 30 June 2025	**43,333**	**10,540**	**485**	**54,358**

Lease liabilities

	Land and buildings $'000	Infrastructure $'000	Plant and equipment $'000	Total $'000
At 1 July 2025	**54,072**	**9,126**	**527**	**63,725**
Additions	86,885	1,136	202	88,223
Remeasurement	(30,548)	4,457	-	(26,091)
Lease payments	(13,816)	(1,776)	(367)	(15,959)
Interest expense	2,343	458	22	2,823
Derecognised	(26)	-	-	(26)
At 30 June 2026	**98,910**	**13,401**	**384**	**112,695**

10 Leases (continued)

(a) Details of leasing arrangements as lessee (continued)

	Land and buildings $'000	Infrastructure $'000	Plant and equipment $'000	Total $'000
At 1 July 2024	**61,338**	**9,934**	**654**	**71,926**
Additions	-	144	238	382
Remeasurement	4,623	34	-	4,657
Lease payments	(12,954)	(1,215)	(393)	(14,562)
Interest expense	1,065	236	28	1,329
Derecognised	-	(7)	-	(7)
At 30 June 2025	**54,072**	**9,126**	**527**	**63,725**

	2026 $'000	2025 $'000
Current lease liabilities	**13,754**	14,077
Non-current lease liabilities	**98,941**	49,648
	112,695	63,725

(ii) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

	2026 $'000	2025 $'000
Other - rental expense*	**935**	684

* includes short-term, low value and variable lease payments

(iii) Amounts recognised in the consolidated statement of cash flows

The total cash outflow for leases in 2026 was $16.4 million (2025: $14.8 million).

(b) Details of leasing arrangements as lessor

The group routinely leases out land and buildings and telecommunication infrastructure. The lease terms are up to 30 years and are non-cancellable. Lease payments receivable (excluding GST) at reporting date are as follows:

	2026 $'000	2025 $'000
Within one year	**4,142**	3,252
Later than one year but not later than two years	**3,783**	2,469
Later than two years but not later than three years	**3,693**	2,359
Later than three years but not later than four years	**3,445**	2,255
Later than four years but not later than five years	**3,090**	1,992
Later than five years	**27,259**	20,758
	45,412	33,085

11 Trade and other payables

	2026			2025		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Trade payables	**598,052**	**-**	**598,052**	423,560	-	423,560
Inter-company payables	**434,006**	**43,873**	**477,879**	428,006	52,190	480,196
Dividend payable	**262,269**	**-**	**262,269**	201,642	-	201,642
Other payables	**18,066**	**-**	**18,066**	29,340	-	29,340
	1,312,393	**43,873**	**1,356,266**	1,082,548	52,190	1,134,738

Trade and other payables represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. Trade and other payables are measured initially at the transaction price and subsequently at amortised cost due to the current nature of these liabilities. The amounts are unsecured and are usually paid within the terms set by the supplier.

12 Provisions

	2026			2025		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Litigation provision	**2,350**	**288**	**2,638**	2,962	430	3,392
Land remediation provision	**-**	**4,300**	**4,300**	-	4,533	4,533
Make good provision	**37**	**-**	**37**	-	37	37
Other provisions	**1,939**	**-**	**1,939**	1,963	-	1,963
	4,326	**4,588**	**8,914**	4,925	5,000	9,925

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(a) Litigation provision

Provision is made for the estimated liability for litigation claims.

Judgements and estimates

The determination of the provision involves significant judgement and estimation. Key assumptions include the total cost to finalise existing claims.

(b) Land remediation provision

This provision recognises the estimated costs to remediate potential contaminated land in accordance with the group's constructive obligations. These estimated costs have arisen as a result of historical land use and activities with potential for causing contamination.

The provision for land remediation reflects management's best estimate of the expenditure required to remediate and / or manage potentially affected land at the reporting date. The provision is measured at present value where the effect of the time value of money is material and is reviewed regularly to reflect updated assumptions, changes in remediation strategies and developments in industry practice.

12 Provisions (continued)

(b) Land remediation provision (continued)

Judgements and estimates

The determination of the provision requires judgement in estimating the expenditure required to settle the land remediation or management obligation.

(c) Other provisions

A severe hailstorm in October 2025 caused significant roof damage to heritage-listed building at the North Ipswich Rail Yards leased to Queensland Museum, rendering parts of the premises unfit for use. A provision has been recognised for the estimated cost of roof repairs, reflecting the group's present obligation under the lease arrangement.

In addition, during the reporting period, monsoonal rainfall in North Queensland in December 2025 resulted in flooding that impacted sections of the regional rail network and disrupted passenger and freight services. A provision has been recognised where a present obligation existed at the reporting date and represents the present value of management's best estimate of the costs required to restore affected infrastructure to its required operational condition. The flood repair provision recognised in the prior year was fully utilised, with all repair works completed in December 2025.

(d) Movements in provisions

Movements in each class of provision during the financial year are set out below:

2026	Litigation provision $'000	Land remediation provision $'000	Make good provision $'000	Other provisions $'000	Total $'000
Current and non-current					
Carrying amount at start of year	3,392	4,533	37	1,963	9,925
Charged / (credited) to profit or loss					
- additional provisions recognised	115	-	-	25,846	25,961
- unused amounts released	-	(452)	-	-	(452)
- unwind discount	-	219	-	-	219
Amounts used during the year	(869)	-	-	(25,870)	(26,739)
Carrying amount at end of year	2,638	4,300	37	1,939	8,914

13 Deferred tax equivalent balances

Deferred tax equivalent is recognised for all taxable temporary differences arising between the carrying amounts of assets and liabilities and their tax bases. Deferred tax equivalent assets and liabilities are offset when a legally enforceable right exists and settlement on a net or simultaneous basis is intended. Deferred tax equivalent assets are recognised only when it is probable that sufficient taxable profits will be available to utilise deductible temporary differences.

Judgements and estimates

Application of the group's tax accounting policies involves significant judgement, including determining which arrangements are subject to tax and assessing the recoverability of deferred tax equivalent assets and certain deferred tax equivalent liabilities. Deferred tax equivalent assets arising from temporary differences and unused tax losses are recognised only where recovery through future taxable profits is assessed as probable.

13 Deferred tax equivalent balances (continued)

(a) Deferred tax equivalent assets

	Notes	**2026 $'000**	2025 $'000
The balance comprises temporary differences attributable to:			
Accrued expenses		**7,947**	7,529
Capital losses		**3,290**	3,290
Provisions		**10,244**	12,894
Lease liabilities		**33,809**	19,117
Unearned revenue		**27,237**	26,281
Total deferred tax equivalent assets		**82,527**	69,111
Set-off of deferred tax equivalent liabilities pursuant to set-off provisions	13(b)	**(82,527)**	(69,111)
Net deferred tax equivalent assets		**-**	-
Movements:			
Opening balance		**-**	-
Prior year adjustments		**14**	-
Credited to the consolidated statement of profit or loss and other comprehensive income	4	**13,402**	12,163
Recognition of unused capital tax loss		**-**	1,792
Set-off of deferred tax equivalent liabilities pursuant to set-off provisions	13(b)	**(13,416)**	(13,955)
Closing balance at 30 June		**-**	-

(b) Deferred tax equivalent liabilities

	Notes	**2026 $'000**	2025 $'000
The balance comprises temporary differences attributable to:			
Accrued income		**5,745**	5,346
Consumables and spare parts		**11,656**	7,498
Property, plant and equipment		**676,583**	601,162
Right-of-use assets		**33,349**	16,307
Prepayments		**307**	263
Total deferred tax equivalent liabilities		**727,640**	630,576
Set-off of deferred tax equivalent liabilities pursuant to set-off provisions	13(a)	**(82,527)**	(69,111)
Net deferred tax equivalent liabilities		**645,113**	561,465
Movements:			
Opening balance		**561,465**	519,885
Prior year adjustments		**18,789**	-
Charged to the consolidated statement of profit or loss and other comprehensive income	4	**78,275**	55,535
Set-off of deferred tax equivalent liabilities pursuant to set-off provisions	13(a)	**(13,416)**	(13,955)
Closing balance at 30 June		**645,113**	561,465
Deferred tax equivalent liabilities expected to be settled within 12 months		**(117,974)**	(11,615)
Deferred tax equivalent liabilities expected to be settled after more than 12 months		**763,087**	573,080

14 Contributed equity

(a) Share capital

	2026 $'000	2025 $'000
Ordinary shares		
Fully paid	**3,526,143**	3,083,918
Distributions of equity	**-**	(1,988)
Equity injections	**764,547**	444,213
Total contributed equity	**4,290,690**	3,526,143

(b) Movements in ordinary share capital

Details	**Number of shares**	**$'000**
Opening balance 1 July 2025	100	3,526,143
Equity injections	-	764,547
Closing balance 30 June 2026	100	4,290,690
Opening balance 1 July 2024	100	3,083,918
Capital distributions	-	(1,988)
Equity injections	-	444,213
Closing balance 30 June 2025	100	3,526,143

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

Ordinary shares are classified as equity.

Equity injections are treated as an increase in the value of issued shares.

15 Dividends

	2026 $'000	2025 $'000
Dividend declared	**262,269**	201,642
Dividend paid	**201,642**	140,611

A dividend of 2,622,690 dollars per share (2025: 2,016,423) was declared by the Board for the year ended 30 June 2026.

Notes to the consolidated statement of cash flows

16 Reconciliation of profit after income tax equivalent to net cash inflow from operating activities

	2026 $'000	2025 $'000
Profit for the year	**262,269**	201,642
Depreciation and amortisation	**469,499**	451,161
Losses on sale of non-current assets	**8,660**	2,167
(Writeback) / impairment of trade receivables	**(24)**	44
Inventory obsolescence	**5,109**	25,388
Change in operating assets and liabilities:		
(Increase) / decrease in trade receivables	**195,636**	(188,409)
(Increase) / decrease in inventories	**(23,503)**	3,113
(Increase) in other operating assets	**(2,259)**	(3,885)
Increase / (decrease) in trade payables	**(112,950)**	5,113
Increase in other liabilities	**115,915**	123,148
Increase / (decrease) in provisions	**(1,011)**	602
Net cash inflow from operating activities	**917,341**	620,084

17 Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- transfer of property, plant and equipment to State Government (note 8(a));
- transfer of property, plant and equipment from State Government (note 8(a)); and
- acquisition of right-of-use assets (note 10(a)(i)).

18 Reconciliation of liabilities arising from financing activities

	Borrowings $'000	**Leases $'000**	**Total $'000**
At 1 July 2025	5,803,000	63,725	5,866,725
Cash flows	150,000	(12,746)	137,254
Non-cash lease swaps	-	(390)	(390)
Acquisitions - finance leases	-	88,223	88,223
Revaluations - finance leases	-	(26,091)	(26,091)
Release - finance leases	-	(26)	(26)
At 30 June 2026	5,953,000	112,695	6,065,695
At 1 July 2024	4,998,634	71,926	5,070,560
Cash flows	804,366	(12,853)	791,513
Non-cash lease swaps	-	(380)	(380)
Acquisitions - finance leases	-	382	382
Revaluations - finance leases	-	4,657	4,657
Release - finance leases	-	(7)	(7)
At 30 June 2025	5,803,000	63,725	5,866,725

Risk

19 Financial risk management

(a) Financial instruments categories

Financial instruments are categorised into one of three measurement bases - amortised cost (AC), fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

19 Financial risk management (continued)

(a) Financial instruments categories (continued)

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the group becomes party to the contractual provisions of the financial instrument. The group has the following categories of financial assets and financial liabilities:

	2026 **$'000**	2025 $'000
Financial assets		
Financial assets at AC		
Cash and cash equivalents	**358,307**	201,559
Trade and other receivables	**73,706**	269,337
Total financial assets	**432,013**	470,896
Financial liabilities		
Financial liabilities at AC		
Trade and other payables	**1,356,266**	1,134,738
Borrowings	**5,953,000**	5,803,000
Lease liabilities	**112,695**	63,725
Total financial liabilities	**7,421,961**	7,001,463

(b) Risks arising from financial instruments

The group's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk.

Financial risk management is carried out by the group under policies approved by the Board of Directors (the Board).

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

(i) Market risk

Foreign exchange risk

The group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar (USD), the Euro (EUR), the Japanese Yen (JPY) and the British Pound Sterling (GBP).

The group's exposure to foreign exchange risk at reporting date, expressed in Australian dollar, was as follows:

	30 June 2026				30 June 2025			
	USD $'000	**EUR $'000**	**JPY $'000**	**GBP $'000**	USD $'000	EUR $'000	JPY $'000	GBP $'000
Cash and cash equivalents	**141**	**37**	**178**	**95**	60	135	735	29
Net exposure	**141**	**37**	**178**	**95**	60	135	735	29

The group uses derivative financial instruments such as foreign exchange contracts to hedge risk exposures. The derivative financial assets and liabilities held by the group have been classified as level 2 on the fair value hierarchy as values are indirectly derived from market indices. Trading for profit is strictly prohibited.

The group's foreign exchange risk management policy dictates the level of hedging to be undertaken within the Board approved limits.

Derivatives are recognised at fair value.

Interest rate risk

The group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. The Queensland Treasury Corporation (QTC) has been authorised to manage the interest rate risk of the group within limits in accordance with the risk profile approved by the Board.

19 Financial risk management (continued)

(b) Risks arising from financial instruments (continued)

Borrowings are classified as current liabilities unless the group has the right to defer settlement of the liability for at least 12 months after the reporting date.

Financial liabilities at amortised cost

The fair value of borrowings is provided by the QTC. Fair value is calculated using the market value of the underlying debt portfolio, or in the case of fixed rate loans on a discounted cash flow basis. The carrying amounts and fair values of borrowings at reporting date are:

	2026		2025	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Non-traded financial liabilities				
Current lease liabilities (secured)	**13,754**	**13,754**	14,077	14,077
Non-current lease liabilities (secured)	**98,941**	**98,941**	49,648	49,648
Non-current borrowings (unsecured)	**5,953,000**	**5,753,069**	5,803,000	5,711,363
	6,065,695	**5,865,764**	5,866,725	5,775,088
Weighted average interest rate	**4.9%**		4.5%	

The following table summarises the sensitivity of the group's debt with QTC to interest rate risk:

		Interest rate risk			
		-1%		**+1%**	
30 June 2026	**Carrying amount $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**
Client Specific Debt Pool	5,538,000	3,363	3,363	(3,038)	(3,038)
Total increase / (decrease)		3,363	3,363	(3,038)	(3,038)
30 June 2025					
Client Specific Debt Pool	5,388,000	3,496	3,496	(3,020)	(3,020)
Total increase / (decrease)		3,496	3,496	(3,020)	(3,020)

Debt is drawn from facilities with QTC incorporating fixed and floating debt and is initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost, using the effective interest rate method. Interest is accrued and paid monthly.

The short-term borrowing arrangements with QTC are interest bearing. The borrowing arrangements are subject to annual review.

Borrowing costs which are directly attributable to the construction of material qualifying assets are recognised as part of the cost of the asset. Qualifying assets are assets not funded from other sources, acquired from capital projects with a budget of more than $1.0 million and take a substantial period of time to prepare for intended use or sale. The rate used to determine the amount of borrowing cost to be capitalised is the QTC interest rate applicable to the group's outstanding borrowings during the year, in this case 4.93% (2025: 4.49%). During the year, interest costs of $89.8 million were capitalised (2025: $57.1 million).

(ii) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets is the carrying amount, net of any allowances for impairment of those assets, as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

Policies are in place to ensure that sales of products and services are only made to customers with an appropriate credit history.

19 Financial risk management (continued)

(b) Risks arising from financial instruments (continued)

Derivative counterparties and cash transactions are limited to high credit quality financial institutions and are approved by the Board. The group has policies that limit the amount of credit exposure to any one financial institution.

The group utilises a working capital facility with Queensland Treasury Corporation (QTC), investing any surplus daily. QTC has a rating of AA+, therefore the credit risk is minimal.

The group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the group, other than amounts owing by the State of Queensland.

(iii) Liquidity risk

Liquidity risk management within the group ensures sufficient cash to meet short-term and long-term financial commitments.

Financing arrangements

The amount of undrawn working capital facilities with QTC available at reporting date is $250.0 million (2025: $250.0 million).

Long-term borrowings are sourced from the Client Specific Debt Pool subject to annual approval of the Queensland State Treasurer. The group may draw up to the amount of the approved borrowing program.

Borrowings are not secured.

Maturity analysis

The amounts disclosed in the maturity table below are the contractual undiscounted cash flows.

QTC long-term borrowings are interest only with no fixed repayment date for the principal component. For the purposes of completing the maturity analysis, the principal component of this loan has been included in the over five years time band with no interest payment assumed in this time band.

30 June 2026	**Less than 1 year $'000**	**Between 1 and 5 years $'000**	**Over 5 years $'000**	**Total contractual cash flows $'000**
Non-derivatives				
Trade payables	1,050,124	43,873	-	1,093,997
Borrowings	262,934	1,061,644	5,974,068	7,298,646
Lease liabilities	13,684	48,834	105,968	168,486
Total non-derivatives	1,326,742	1,154,351	6,080,036	8,561,129
30 June 2025				
Non-derivatives				
Trade payables	880,906	52,190	-	933,096
Borrowings	236,345	954,118	5,837,922	7,028,385
Lease liabilities	14,217	44,787	10,942	69,946
Total non-derivatives	1,131,468	1,051,095	5,848,864	8,031,427

20 Capital risk management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The responsible Ministers advise the appropriate methodology in determining the dividend payable annually.

The group monitors capital on the basis of the total debt to total capital ratio. This ratio is calculated as total debt divided by total capital. Total debt is calculated as borrowings and lease liabilities as shown in the consolidated statement of financial position. Total capital is calculated as equity as shown in the consolidated statement of financial position plus total debt.

20 Capital risk management (continued)

The group's total debt to total capital ratios are as follows:

	Notes	2026 $'000	2025 $'000
Borrowings	19	**5,953,000**	5,803,000
Lease liabilities	10	**112,695**	63,725
Total debt		**6,065,695**	5,866,725
Total equity		**4,403,379**	3,638,832
Total capital		**10,469,074**	9,505,557
Total debt to total capital ratio		**58%**	62%

The group is also required by QTC to maintain an Earnings Before Interest and Tax (EBIT) Interest Coverage of greater than 1.25:1, except where the total debt to total capital is greater than 70%, in which case the EBIT Interest Coverage must be at least 2:1. The group has complied with this requirement for both the current and prior reporting periods.

Unrecognised items

21 Contingencies

Contingencies comprise guarantees either held or issued by the group and assets and liabilities not qualifying for recognition at reporting date. A majority of the guarantees held relate to performance guarantees on construction contracts provided by third parties.

The group had contingencies at reporting date in respect of:

(a) Contingent assets

	2026 Fair value $'000	2025 Fair value $'000
Third party guarantees	**10,100**	10,100
Bank guarantees	**109,587**	88,257
	119,687	98,357

(b) Contingent liabilities

Issues relating to common law claims and product warranties are dealt with as they arise. There were no material contingent liabilities requiring disclosures in the financial statements other than as set out below.

	2026 Fair value $'000	2025 Fair value $'000
Non-qualifying liabilities	**9,200**	1,500
Bank guarantees	**44,900**	41,599
	54,100	43,099

22 Commitments

Commitments for capital expenditure (excluding GST) at reporting date are payable as follows:

	2026 **$'000**	2025 $'000
Within one year	**369,936**	164,442
Later than one year but not later than five years	**454,756**	209,216
Later than five years	**942**	1,132
	825,634	374,790

23 Events occurring after the reporting period

No matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the group, the results of those operations, or the state of affairs of the group.

Other items

24 Key management personnel disclosures

(a) Responsible Ministers

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The group does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet.

The responsible Ministers of Queensland Rail and its subsidiaries during the year ended 30 June 2026 were:

- D Janetzki MP
  Treasurer, Minister for Energy and Minister for Home Ownership
- B Mickelberg MP
  Minister for Transport and Main Roads

(b) Directors and specified executives

Compensation and other terms of employment for the specified executives are formalised in service agreements.

Details of the compensation of each specified Director and executive are as follows:

	2026 **$'000**	2025* $'000
Short-term benefits	**5,579**	5,818
Long-term benefits	**92**	89
Post-employment benefits	**536**	567
Termination benefits	**-**	142
	6,207	6,616

* The prior year aggregate includes all compensation provided to individuals who held a key management personnel role, however, the remuneration tables for Directors and specified executives only includes information for individuals holding key management personnel roles during the current reporting period.

Short-term benefits includes cash salary, annual leave and long service leave paid and accrued in the reporting period, fees and non-monetary benefits. Non-monetary benefits represent the value of Exempt and Reportable Fringe Benefits for the respective Fringe Benefits Tax year.

24 Key management personnel disclosures (continued)

(c) Key management personnel compensation

(i) Directors of Queensland Rail Limited and On Track Insurance Pty Ltd

2026		**Short-term**	**Post-employment**	
Directors		**Director fees $'000**	**Super-annuation $'000**	**Total $'000**
A Wellington Appointment date: 8 August 2025 Appointment term: 2 years 10 months	Chair	122	16	138
D Marchant AM Ceased: 8 August 2025	Chair	15	2	17
S Cantwell* Ceased: 8 August 2025	Director	7	1	8
V Doogan Ceased: 8 August 2025	Director	7	1	8
J Haber Appointment date: 8 August 2025 Appointment term: 2 years 10 months	Director	61	8	69
L Hewitt Appointment date: 8 August 2025 Appointment term: 2 years 10 months	Director	59	8	67
L Lynch Appointment date: 1 October 2023 Appointment term: 3 years	Director	67	8	75
M McCracken Appointment date: 26 March 2026 Appointment term: 2 years 2 months	Director	15	2	17
W McMillan Appointment date: 8 August 2025 Appointment term: 2 years 10 months	Director	59	8	67
H Watson Ceased: 8 August 2025	Director	7	1	8
Total		419	55	474

* This Director did not receive monetary benefits directly. Payments were made to Sascan Advisory Pty Ltd, of which he is a Director, on his behalf.

24 Key management personnel disclosures (continued)

(c) Key management personnel compensation (continued)

2025		Short-term	Post-employment	
Directors		Director fees $'000	Super-annuation $'000	Total $'000
D Marchant AM	Chair	132	16	148
S Cantwell	Director	66	8	74
V Doogan	Director	59	7	66
L Lynch	Director	64	7	71
H Watson	Director	66	8	74

K Stapleton was appointed as Director of On Track Insurance Pty Ltd on 25 March 2021, with no set appointment term. As an employee of Queensland Rail, K Stapleton did not receive remuneration in her capacity as Director of On Track Insurance Pty Ltd.

S Cornish was appointed as Director of On Track Insurance Pty Ltd on 25 March 2021, with no set appointment term. As an employee of Queensland Rail, S Cornish did not receive remuneration in his capacity as Director of On Track Insurance Pty Ltd.

The above Directors' remuneration are amounts recharged from Queensland Rail in accordance with the Managed Services Agreement. The amounts were incurred by Queensland Rail on behalf of the company and are also disclosed in the Key Management Personnel note of the Queensland Rail financial statements.

Directors' remuneration and terms of appointment are set by responsible Ministers. Directors' remuneration is subsequently reviewed on a periodic basis by responsible Ministers.

Directors are not entitled to termination payments on termination of their period of service.

(ii) Specified executives of the company

2026	**Short-term**		**Long-term**	**Post-employment**	
Specified executives	**Monetary benefits[1] $'000**	**Non-monetary benefits $'000**	**Long service leave[2] $'000**	**Super-annuation $'000**	**Total $'000**
K Stapleton Chief Executive Officer Appointment date: 12 April 2022 Appointment term: 5 years	971	6	28	119	1,124
N Backer* Head of SEQ	683	6	20	85	794
D Cavanagh* Group Executive Digital and Information	466	6	12	60	544
L Collins* Group Executive Strategy and Transformation (until 15 August 2025)	62	1	(33)	7	37
S Cornish* Head of Regional	677	6	12	32	727
L Fielding^ Acting Group Executive Strategic Projects, Property and Portfolio (from 1 September 2025 until 12 October 2025)	43	-	1	4	48

24 Key management personnel disclosures (continued)

(c) Key management personnel compensation (continued)

2026	Short-term		Long-term	Post-employment	
Specified executives	**Monetary benefits[1] $'000**	**Non-monetary benefits $'000**	**Long service leave[2] $'000**	**Superannuation $'000**	**Total $'000**
K Jones* Chief Financial Officer and Group Executive Finance and Corporate Services	606	6	14	32	658
R Kilpatrick^† Acting Group Executive Safety, Engineering and Governance (from 13 October 2025)	288	4	6	26	324
D Mason^† Acting Group Executive Safety, Engineering and Governance (from 22 June 2026)	11	-	-	1	12
W McReight* Group Executive Major Projects (from 13 October 2025) Group Executive Major Projects, Engineering and Rail Safety (until 12 October 2025)	563	6	16	72	657
R Munn* Group Executive People, Wellbeing and Sustainability (from 13 October 2025) Group Executive People, Safety and Sustainability (until 12 October 2025)	569	6	11	32	618
R Peters* Group Executive Strategic Projects, Property and Portfolio (until 31 August 2025)	98	1	3	5	107
M Snell^ Acting Group Executive Strategy and Transformation (from 11 August 2025 until 12 October 2025)	75	-	2	6	83
Total	5,112	48	92	481	5,733

[1] Includes annual leave payments and leave accrued in the period but not yet taken.
[2] Includes long service leave payments and long service leave accrued in the period but not yet taken. May include reversals of long service leave accruals if the 7-year entitlement period is not reached on cessation.
* These specified executives are tenured and have no expiry date.
^ Non-executive employees, acting in specified executive positions.
† Overlapping periods represent leave coverage arrangements.

On 13 October 2025, a realigned enterprise operating model was implemented with some Executive responsibilities being altered from this date.

24 Key management personnel disclosures (continued)

(c) Key management personnel compensation (continued)

2025	Short-term		Long-term	Post-employment	
Specified executives	Monetary benefits[1] $'000	Non-monetary benefits $'000	Long service leave[2] $'000	Super-annuation $'000	Total $'000
K Stapleton Chief Executive Officer	926	7	33	116	1,082
N Backer Head of SEQ	650	7	20	83	760
D Cavanagh Group Executive Digital and Information	479	7	11	59	556
L Collins Group Executive Strategy and Transformation	362	6	11	48	427
S Cornish Head of Regional	639	7	27	30	703
K Jones Chief Financial Officer and Group Executive Finance and Corporate Services	85	1	2	7	95
W McReight Group Executive Major Projects, Engineering and Rail Safety	387	5	34	50	476
R Munn Group Executive People, Safety and Sustainability	549	7	20	30	606
R Peters Group Executive Strategic Projects, Property and Portfolio	553	7	15	30	605

[1] Includes annual leave payments and leave accrued in the period but not yet taken.
[2] Includes long service leave payments and long service leave accrued in the period but not yet taken. May include reversals of long service leave accruals if the 7-year entitlement period is not reached on cessation.

The above executives' remuneration are amounts recharged from Queensland Rail in accordance with the Managed Services Agreement. The amounts were incurred by Queensland Rail on behalf of the company and are also disclosed in the Key Management Personnel note of the Queensland Rail financial statements.

The above are the key executives representing the group. These executives provide advice in relation to strategy and future direction of the group under the business model adopted. The subsidiary entity does not have any senior executives who are involved in setting strategy or future direction for the entity and no subsidiary executives are disclosed above for this reason.

Termination of the employment of an executive can be made by Queensland Rail to the specified executive either with notice, without notice or due to the incapacity of the specified executive, consistent with the expectations outlined in the Queensland Government's *Government Owned Corporation Chief and Senior Executive Employment Arrangements (May 2026)*.

<u>Chief Executive provisions</u>

The employment of the Chief Executive may be terminated by the Board at any time in accordance with section 30(3) of the *Queensland Rail Transit Authority Act 2013*.

24 Key management personnel disclosures (continued)

(c) Key management personnel compensation (continued)

The employment of the Chief Executive may also be terminated by either party at any time giving the other party 3 months written notice of termination. When such termination occurs, the Chief Executive is entitled to the following:

- any accrued annual leave and accrued statutory entitlements to long-service leave;
- salary for the balance of the notice period (if Queensland Rail elects to make payment in lieu of the notice period); and
- if the termination is by Queensland Rail in circumstances other than serious misconduct or those stated in the relevant "Termination by Queensland Rail without notice" clause in the Chief Executive employment contract, a termination payment of the lesser of 3 months' salary, or salary for the remainder of the maximum term contract period, calculated from after the end of any relevant notice period.

No other termination or compensation payments are payable to the Chief Executive.

The employment of the Chief Executive may be terminated by Queensland Rail immediately, and without compensation, if the Chief Executive engages in misconduct or other unethical behaviour.

Senior Executive provisions

Consistent with the expectations outlined in the Queensland Government's *Government Owned Corporation Chief and Senior Executive Employment Arrangements (May 2026)*, all new appointments to senior executives are made on a maximum-term basis of between 3 to 5 years. Termination by notice can be made by the specified executive or Queensland Rail at any time by either party giving to the other 1 month written notice. When such termination occurs, specified executives that are tenured are entitled to the following:

- any accrued annual leave and accrued statutory entitlements to long-service leave;
- salary for the balance of the notice period (if Queensland Rail elects to make payment in lieu of the notice period); and
- if the termination is by Queensland Rail in circumstances other than serious misconduct or those stated in the relevant "Termination by Queensland Rail without notice" clause in the Senior Executive employment contract, a termination payment of the lesser of 1 months' salary, or salary for the remainder of the maximum term contract period, calculated from after the end of any relevant notice period.

Queensland Rail reviews the total fixed remuneration of eligible employees on 1 July each year. Senior Executives' individual remuneration reviews require Board approval consistent with the expectations outlined in the Queensland Government's *Government Owned Corporation Chief and Senior Executive Employment Arrangements (May 2026)*. Under these provisions, the Board has the discretion to approve annual total fixed remuneration increases to a maximum of 2.5% per annum, subject to the total fixed remuneration not exceeding the latest market median for the position's work value. The Board should act prudently and take account of the economic climate when considering annual total fixed remuneration increases. The 1 July 2025 total fixed remuneration reviews were determined under the previous *Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements (version dated 31 July 2024)* provisions.

The Chief and Senior Executives participate in the Queensland Rail performance management process aligned to the relevant financial year, with mid-year and end-of-year performance reviews. Annual performance results of the Executives are assessed and calibrated by the Chief Executive Officer and Group Executive People, Wellbeing and Sustainability. The Board is responsible for the assessment of the Chief Executive Officer's performance.

(iii) Performance payments

There are no Chief or Senior Executive positions that are eligible for performance payments and Queensland Rail no longer operates a Performance Payment Scheme.

(d) Transactions with key management personnel

During the current and prior reporting periods:

- K Stapleton, specified executive of Queensland Rail Limited, was a Director of Australasian Railway Association. Queensland Rail Limited paid corporate membership, conference fees and course fees to Australasian Railway Association during these periods.
- S Cornish, specified executive of Queensland Rail Limited, was an Industry Director at Rail Industry Safety and Standards Board (RISSB) until 27 November 2025. Queensland Rail Limited paid corporate membership and course fees during these periods and subscription fees in the current reporting period to RISSB.
- R Munn, specified executive of Queensland Rail Limited, was a Director of TrackSAFE Foundation. Queensland Rail Limited paid corporate contribution and course fees to TrackSAFE Foundation during these periods.

24 Key management personnel disclosures (continued)

(d) Transactions with key management personnel (continued)

During the prior reporting period:
- M Goss, Director of Queensland Rail Limited until 31 May 2025, was a Director of Metro South Hospital and Health Services. Queensland Rail Limited paid for medical services during this period to Metro South Hospital and Health Services.
- T Winters, Director of Queensland Rail Limited until 27 June 2025, was a non-executive leader of Santos. Queensland Rail Limited recovered fees associated with a wayleave agreement during this period.

All figures displayed below are exclusive of GST.

	2026 $'000	2025 $'000
Corporate membership, subscription fees and course fees - Rail Industry Safety and Standards Board	**302**	109
Corporate membership, conference fees and course fees - Australasian Railway Association	**211**	256
Corporate contribution and course fees - TrackSAFE Foundation	**63**	80
Medical services - Metro South Hospital and Health Services	**-**	156
Fee recovery - Santos	**-**	(42)
	576	559

25 Related party transactions

(a) Transactions with related parties

The following transactions occurred with related parties:

	2026 $'000	2025 $'000
Purchase of goods and services from parent	**1,534,346**	1,476,709
Dividend payable to parent	**262,269**	201,642
Payables to parent - current	**434,006**	428,006
Payables to parent - non-current	**43,873**	52,190

(b) Loans from / (to) related parties

	2026 $'000	2025 $'000
Loans from / (to) parent		
Beginning of the year	**(38,639)**	(87,179)
Loans advanced	**58,052**	92,929
Loans repayments made	**(57,826)**	(44,389)
End of year	**(38,413)**	(38,639)

25 Related party transactions (continued)

(c) Transactions and outstanding balances with State of Queensland controlled entities

The company is limited by shares with all shares held by Queensland Rail. Queensland Rail is owned by the Queensland State Government. All material related party transactions are negotiated under commercial terms.

The company transacted with other State of Queensland controlled entities during the year as set out below:

	Notes	**2026 $'000**	2025 $'000	**Nature of transaction**
Revenue from continuing operations	1	**2,820,170**	2,636,437	Rail Transport Service Contract, government concessions and sales
Supplies and services	2	**737,289**	576,118	Consumables
Other expenses		**7,822**	7,034	Land tax, stamp duties and audit fees
Finance income		**6,617**	458	Interest revenue
Finance expenses	3	**283,029**	240,512	Interest and financing costs
Income tax equivalent expense	4	**112,026**	91,453	Income tax equivalent
Cash and cash equivalents	5	**352,140**	199,731	Short-term investments
Trade and other receivables	6	**36,537**	226,471	Rail Transport Service Contract and other accounts receivables
Current prepayments		**519**	509	Prepaid consumables
Trade and other payables	11	**455,385**	250,603	Rail Transport Service Contract, interest, capital works, consumables
Other current liabilities		**2,175**	3,096	Asset funding and other income in advance
Non-current borrowings	19	**5,953,000**	5,803,000	Long-term borrowings
Other non-current liabilities		**70,048**	66,270	Asset funding in advance

26 Subsidiary

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Queensland Rail Limited as at reporting date and the results of the subsidiary for the year then ended.

Name of entity	**Country of incorporation**	**Class of shares**	**Equity holding 2026 %**	2025 %
On Track Insurance Pty Ltd	Australia	Ordinary	**100**	100

The principal activities of On Track Insurance Pty Ltd are the provision of insurance coverage for all claims relating to events for both former parent, Aurizon Operations Limited (formerly QR National Limited) and Queensland Rail Limited up until 30 June 2010.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Non-current inter-company loans may not be demanded by the other entity and do not become payable other than through settlement of obligations associated with the loans or one of the entities exits the wholly-owned group.

26 Subsidiary (continued)

The Managed Services Agreement between Queensland Rail Limited and its parent, Queensland Rail, permits all inter-company balances between both entities to be legally offset and settled on a net basis at the end of each reporting period.

Accounting policies have been adopted consistently across the group.

Investment in the subsidiary is accounted for at cost in the financial records of the parent entity.

27 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the group:

	2026 $'000	2025 $'000
Queensland Audit Office		
Audit of the financial statements	**693**	732
Other statutory assurance services	**150**	-
	843	732

28 Parent entity financial information

The financial information for the parent entity, Queensland Rail Limited, has been prepared on the same basis as the consolidated financial statements, except that investments in subsidiaries are accounted for at cost in the financial statements of Queensland Rail Limited.

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

Statement of financial position	**2026 $'000**	2025 $'000
Current assets	**604,443**	618,034
Non-current assets	**11,988,891**	10,703,729
Total assets	**12,593,334**	11,321,763
Current liabilities	**1,344,551**	1,115,346
Non-current liabilities	**6,853,153**	6,575,334
Total liabilities	**8,197,704**	7,690,680
Net assets	**4,395,630**	3,631,083
Contributed equity	**4,284,886**	3,520,339
Retained earnings	**110,744**	110,744
Total equity	**4,395,630**	3,631,083
Profit or loss for the year	**262,269**	201,642
Total comprehensive income	**262,269**	201,642

(b) Guarantees entered into by the parent entity

The parent entity has not provided financial guarantees in respect of bank overdrafts and loans of subsidiaries.

In addition, there is no cross guarantee given by Queensland Rail Limited to On Track Insurance Pty Ltd.

28 Parent entity financial information (continued)

(c) Contingent liabilities of the parent entity

Issues relating to common law claims and product warranties are dealt with as they arise. There were no material contingent liabilities requiring disclosures in the financial statements except as outlined in note 21. All provisions except provision for insurance claims relate to the parent entity.

(d) Contractual commitments for the acquisition of property, plant or equipment

At reporting date, the parent entity had contractual commitments. For information about these commitments please see note 22. All commitments outlined in this note relate to the parent entity.

29 Summary of other material accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Queensland Rail Limited and its subsidiary, On Track Insurance Pty Ltd.

Queensland Rail Limited is a for-profit corporation limited by shares, incorporated and domiciled in Australia and owned by Queensland Rail. Queensland Rail Limited is a wholly-owned subsidiary of Queensland Rail. Queensland Rail is required to carry out its functions as a commercial enterprise, as specified in section 10 of the *Queensland Rail Transit Authority Act 2013*. Queensland Rail may carry out those functions directly, or indirectly via its subsidiary. These financial statements are denominated in Australian dollars.

Queensland Rail Limited is referred to in this financial report as the "company" or the "parent". Queensland Rail Limited together with its subsidiary, On Track Insurance Pty Ltd, are collectively referred to as the "group".

These financial statements were approved for issue by the Directors on 27 August 2026. The Directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, and the *Corporations Act 2001*.

(i) Compliance with Australian Financial Reporting Standards

The consolidated financial statements of the group comply with the Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB).

(ii) New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 July 2025:

- AASB 2026-1 *Amendments to Australian Accounting Standards - Disclosures about Uncertainties in the Financial Statements.*

After evaluating the amendments listed above, the group concluded that they did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

AASB S2 *Climate-related Disclosures*

AASB S2 sets out requirements for an entity to disclose information about climate related risks and opportunities that could reasonably be expected to affect the entity’s financial position, financial performance, cash flows and prospects. The climate related disclosure requirements are structured around four content pillars: governance, strategy, risk management, and metrics and targets. The objective of AASB S2 is to provide information that is useful to primary users of general-purpose financial reports.

The group has adopted AASB S2 for the current reporting period. Climate related disclosures prepared in accordance with AASB S2 are provided in the group’s Sustainability Report 2026.

(iii) New standards and interpretations not yet adopted

The group has reviewed new standards and amendments available for early adoption for the current financial year beginning 1 July 2025. These were not early adopted.

29 Summary of other material accounting policies (continued)

(a) Basis of preparation (continued)

AASB 18 *Presentation and Disclosure in Financial Statements* applies to annual reporting periods beginning on or after 1 January 2027 and will replace AASB 101 *Presentation of Financial Statements*.

The standard introduces new presentation and disclosure requirements which are intended to enhance the relevance and transparency of financial statements. AASB 18 will not affect the recognition or measurement of any reported amounts.

The group will further assess the impact of AASB 18 in future reporting periods.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, except for certain assets which, as stated, are at fair value.

(v) Going concern

The financial report for the group is prepared on a going concern basis. Current liabilities exceed current assets by $745.6 million. The group has access to a short-term borrowing facility up to the amount of $250.0 million of which $250.0 million is undrawn as at reporting date (refer note 19(b)(iii)). The group has also secured approval from the Queensland Government to source additional long-term borrowings in the 2026/27 financial year up to an amount of $750.0 million to support the capital program throughout that year. In addition revenue through the Rail Transport Service Contract, adequate interest coverage and an adequate total debt to total capital ratio provides further assurance of the group's status as a going concern.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (i.e. the functional currency). The consolidated financial statements are presented in Australian dollars, which is the group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(c) Rounding of amounts / comparative restatements

The company is of a kind referred to in the *ASIC Corporations Instrument 2026/183*, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST unless GST is not recoverable in which case it is included in the associated cost.

Trade receivables and trade payables are recorded inclusive of GST. Net GST receivable from or payable to the Australian Taxation Office is presented within other receivables or other payables.

Cash flows are presented on a gross basis, except for the GST components of investing and financing cash flows, which are classified as operating cash flows.

Queensland Rail and its subsidiaries are grouped for GST purposes. Inter-company transactions within the GST group do not attract GST. Queensland Rail, as the representative member, reports all GST liabilities and credits for the group.

29 Summary of other material accounting policies (continued)

(e) Reimbursement of employee costs

The group does not have any employees. The reimbursement of Queensland Rail employee costs disclosed in the consolidated statement of profit or loss and other comprehensive income are amounts recharged by Queensland Rail in accordance with the Managed Services Agreement and external contractors engaged by the group.

(f) Insurance

The group insures against risks which are largely uncontrollable, have significant or catastrophic consequences for assets and / or revenue and the aggregate costs of which would exceed the limit of exposure the organisation is prepared to accept.

Insurance cover has accordingly been effected for a variety of such risks. Other areas of risk exposure are self-insured, including workers' compensation.

Until 30 June 2010, self-insurance and other underwriting activities were performed by Queensland Rail Limited's wholly-owned subsidiary, On Track Insurance Pty Ltd. On Track Insurance Pty Ltd was transferred from Aurizon Operations Limited (formerly QR National Limited) on 6 October 2010 and will continue to provide cover for claims relating to events up until 30 June 2010 for both Queensland Rail Limited and the Aurizon Operations Limited group.

Consolidated entity disclosure statement

This statement has been prepared using supporting documentation, including company registration data and information provided to tax authorities, up to 30 June 2026.

		Body corporates		Tax residency	
Entity name	**Entity type**	**Place formed or incorporated**	**% of share capital held**	**Australian or foreign**	**Foreign jurisdiction**
Queensland Rail Limited	Body corporate	Australia	N/A	Australian*	N/A
On Track Insurance Pty Ltd	Body corporate	Australia	100	Australian*	N/A

* These entities are part of a tax consolidated group with Queensland Rail as the head entity and taxpayer in respect of the group.

Directors' declaration

In the Directors' opinion:

(a) the financial statements, notes and other statement set out on pages 8 to 47 are in accordance with the *Corporations Act 2001*, including:

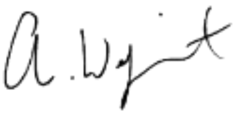
  (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the group's financial position as at 30 June 2026 and of its performance for the year ended on that date, and

  (iii) giving a true and correct view of the group's consolidated entity disclosure statement, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



A Wellington
Chair

Brisbane, Qld
27 August 2026

Queensland Audit Office
Better public services

INDEPENDENT AUDITOR'S REPORT

To the Members of Queensland Rail Limited

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Queensland Rail Limited and its controlled entities (the group).

The financial report comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In my opinion, the accompanying financial report of the group is in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the group's financial position as at 30 June 2026, and its financial performance for the year then ended; and

b) complying with the Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the Auditor-General Auditing Standards. I am also independent of the group in accordance with the auditor independence requirements of the *Corporations Act 2001*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report for the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Depreciation expense ($448.3 million)

Refer to note 8(a) and 8(d) in the financial report

<table>
<tr><th>Key audit matter</th><th>How my audit addressed the key audit matter</th></tr>
<tr><td>Depreciation expense is a significant balance that requires management to forecast the useful life of assets and their component parts.</td><td>My procedures included but were not limited to:
assessing the useful life estimates of assets and their component parts by:
reviewing management's annual assessment of useful lives and condition assessments. This represents a comprehensive review of all assets
for a sample of remaining useful life reviews examining supporting documentation and confirming revised estimates to the fixed asset register
checking the consistency of useful lives compared to the prior year
comparing useful life assessments recorded in the fixed asset register to the disclosed accounting policy
reviewing for evidence of asset obsolescence, failure or disposals that could indicate a need to review useful life assumptions
reviewing for evidence that the entity will use assets for longer than the useful lives estimated for valuation and depreciation purposes
for a sample of assets, recalculating depreciation expense
evaluating remaining useful life estimates for reasonableness with reference to managements documented assessments, historical disposal rates, condition assessments for older assets, and long-term asset management plans and budgets.</td></tr>
</table>

Indicators of impairment of property, plant and equipment

Refer to note 8(e) of the financial report

<table>
<tr><th>Key audit matter</th><th>How my audit addressed the key audit matter</th></tr>
<tr><td>Management have considered the existence of impairment indicators during 2025–26 and performed an impairment test to ensure that the asset's carrying value was greater than its value in use.

The impairment assessment is complex, and management adopts assumptions in developing inputs used in the discounted cashflow models to calculate an asset's value in use.</td><td>My procedures included but were not limited to:
assessing the adequacy of management's review of the impairment process
obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness for the impairment test with reference to common industry practice
challenging the reasonableness of key assumptions based on my knowledge of the entity and industry</td></tr>
</table>

Key audit matter	How my audit addressed the key audit matter
	• assessing the identification of cash generating units and input assumptions adopted by management in the value in use model, including the allocation of transport service contract revenue • evaluating the reasonableness of management's documented considerations of indicators of impairment against my knowledge of the entity • reviewing the accuracy of calculations used in the value in use model • reviewing the impairment model to assess the models used and the reasonableness of key assumptions applied in the assessment against my knowledge of the entity and industry • reviewing the asset impairment accounting policies disclosures in the financial statements for consistency with Australian Accounting Standards.

Other information

The directors of the Company are responsible for the other information.

The other information comprises the information included in the company's annual report for the year ended 30 June 2026 but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Auditor-General Act 2009 and Corporations Act 2001, I have formed a separate review conclusion on specified Sustainability Disclosures.

In connection with my audit of the financial report, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The directors of the company are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001;* and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and for such internal controls as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, butis not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar5.pdf

This description forms part of my audito's report.

27 August 2026

Rachel Vagg
Auditor-General

Queensland Audit Office
Brisbane

Queensland Rail Limited

ABN 71 132 181 090

Sustainability report
for the year ended 30 June 2026

Queensland Rail Limited
ABN 71 132 181 090
Sustainability report - 30 June 2026

Contents

1 Introduction

1.1 About this report

This is the first Sustainability Report (Report) for Queensland Rail Limited and its controlled entity, On Track Insurance Pty Ltd, at the end of, and during, the year ended 30 June 2026. It contains the climate-related financial disclosures required by section 292A of the Corporations Act 2001 (Cth) (**Corporations Act**) and addresses the requirements of section 296A(1) of the Corporations Act. It was prepared in accordance with Australian Accounting Standards Board's Australian Sustainability Reporting Standard AASB S2: Climate-related Disclosures (**AASB S2**).

The Report discloses material information about Queensland Rail Limited's (the company) climate-related risks and opportunities that have been determined to be useful to primary users of its financial report.

Queensland Rail Limited has adopted the transition reliefs for the first year of reporting provided under AASB S2, including electing to not disclose Scope 3 greenhouse gas emissions and comparative information for any period prior to the date of initial application. It has also early adopted the jurisdictional relief for greenhouse gas reporting as per AASB S2025-1 *Amendments to Greenhouse Gas Emissions Disclosures,* using National Greenhouse and Energy Reporting (Measurement) Determination 2008 emissions factors as appropriate.

The AASB S2 disclosure index in section 8 sets out the AASB S2 requirements and the location of the corresponding disclosures within this document.

Queensland Rail Limited has applied the operational control approach to determine its organisational boundary. The assets and operations included in this Report are the same as those included in Queensland Rail Limited's financial statement for the year ended 30 June 2026, which has been prepared in accordance with Australian Accounting Standards. The Sustainability Report should be read in conjunction with the Queensland Rail Limited Financial Report.

Functional and presentation currency

Items included in the Report are measured using the currency of the primary economic environment in which the company operates. The climate-related financial disclosures are presented in Australian dollars (AUD), which is the company's functional and presentation currency.

Judgements and uncertainties

Management exercised judgement in the preparation of this Report, including in determining relevant climate-related risks and opportunities and the material information for inclusion in the report. The Report contains forward-looking statements, which are based on Management's current views and assumptions with respect to current and future effects at the date of the Report.

Climate-related disclosures involve uncertainties, including those outside the company's controls, such as physical impacts of climate change, limitations in available data, policy and regulatory development and other technical and economic factors. As a result, actual outcomes may differ from those expressed or implied by forward looking statements.

Details of key judgements, estimates and assumptions are presented in section 7.

Matters subsequent to the end of the financial year

No matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of Queensland Rail Limited, the results of those operations, or the state of affairs of Queensland Rail Limited in future financial years.

1.2 Directors' declaration

The Directors of Queensland Rail Limited declare that, in their opinion, Queensland Rail Limited has taken reasonable steps to ensure that the substantive provisions of its Sustainability Report for the financial year ended 30 June 2026 are in accordance with the *Corporations Act 2001* (Cth) (the Act), including section 296C (*Compliance with sustainability standards, etc.)* and section 296D (*Climate statement disclosures*) of the Act.

This declaration is made on 27 August 2026 in accordance with a resolution of the Board of Directors of Queensland Rail Limited, and signed for and on behalf of the Board of Directors by:

A Wellington
Director
27 August 2026

2 About us

2.1 Structure

Queensland Rail is a statutory authority established under the *Queensland Rail Transit Authority Act 2013* (Qld) (QRTA Act) and is a statutory body for the purposes of the *Financial Accountability Act 2009* (Qld) and the *Statutory Bodies Financial Arrangements Act 1982* (Qld). The Board of Queensland Rail is accountable to two responsible Ministers for the successful operation of Queensland Rail: The Honourable David Janetzki MP, Treasurer, Minster for Energy and Minister for Home Ownership; and The Honourable Brent Mickelberg MP, Minster for Transport and Main Roads.

The statutory functions of Queensland Rail are discharged through its wholly owned subsidiary Queensland Rail Limited (ABN 71 132 181 090), which is a company for the purposes of the *Corporations Act 2001*. It is Queensland Rail Limited that is required to produce a Sustainability Report.

Queensland Rail Limited does not employ personnel but owns all non-employee related assets and contracts, with Queensland Rail providing employees for the operations and activities undertaken by Queensland Rail Limited. The Board members of Queensland Rail are also appointed as Directors of Queensland Rail Limited. For efficient governance purposes, joint Board and Committee meetings for Queensland Rail and Queensland Rail Limited are held.

Queensland Rail Limited includes a wholly owned subsidiary, On Track Insurance Pty Ltd (ABN 18 095 032 670), which is currently dormant. On Track Insurance provided insurance coverage for claims relating to events for both former parent, Aurizon Operations Limited (formerly QR National Limited) and Queensland Rail Limited until 30 June 2010.

Throughout the Report, reference is made to Queensland Rail, as the parent of Queensland Rail Limited, where it has a specific role as relevant to the operations and activities of Queensland Rail Limited. This is predominantly in relation to strategy for the consolidated group.

2.2 Overview

Queensland Rail Limited performs the role of rail transport operator under the Rail Safety National Law, and its principal activities include:

- management of railways;
- provision of rail transport services, including passenger services; and
- construction and maintenance of rail transport infrastructure.

Queensland Rail's overarching purpose is 'connecting communities', and as a state-owned rail operator, Queensland Rail Limited contributes to the Queensland Government's objectives for the community by delivering passenger services across the South East Queensland (SEQ) and Regional rail networks, and providing rail access for freight operators that support the critical transport of resources and general freight across the state.

Rail is regarded as one of the most efficient, safe and sustainable forms of mass transport, and the rail network is the backbone of the SEQ public transport network. With total assets of $12.6 billion and a network that extends across the state, the focus is on delivering safe and efficient rail services to create value for customers and Queenslanders.

The Queensland Rail Limited network is made up of eight rail systems:

- South East Queensland
- Mount Isa line
- North Coast line
- West Moreton system
- Western system
- South Western system
- Central Western system
- Tablelands system

2.3 Value chain

Queensland Rail Limited operates in an integrated value chain that includes the mining, agriculture and general freight sectors. Third party operators accessing the rail network move freight including mineral ore, coal, agricultural products, fertiliser, groceries and general goods, connecting products with downstream customers and local, national and global distribution markets. In FY2026 the rail network supported the movement of more than 14.66 billion gross tonne kilometres of freight.

Commuters and travellers are connected to their destinations via rail services across the SEQ and Regional networks. The SEQ business aims to provide 8,503 passenger services each week, while the needs of the regional commuter and rail tourism markets are met by eight different service types. These services connect regional communities across Queensland with other regional centres and SEQ and provide unique rail tourism experiences, including the Kuranda Scenic Railway, as part of Queensland's broader tourism industry.

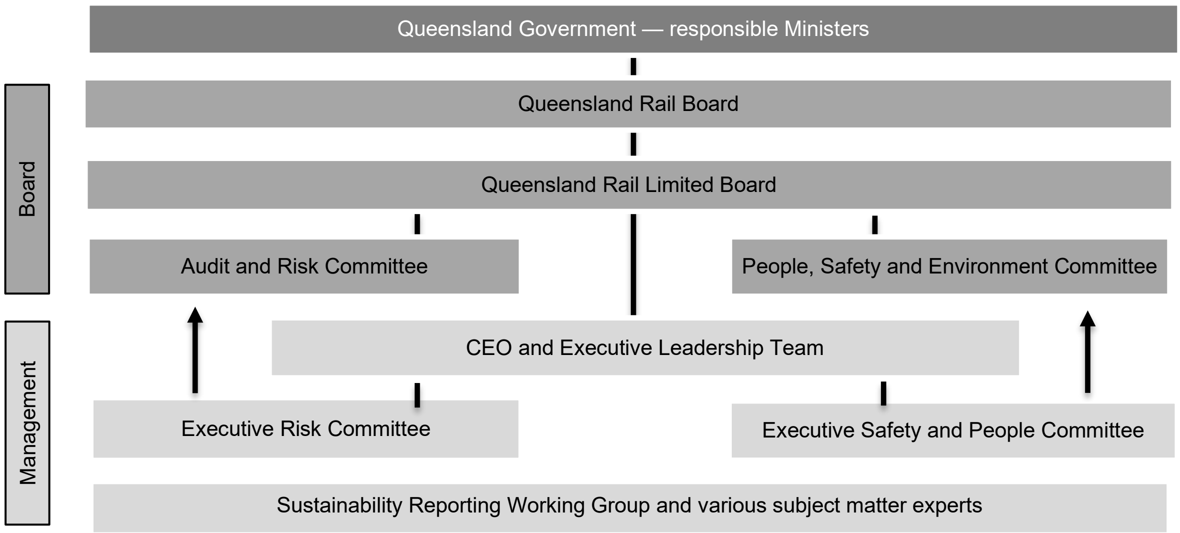
The effective delivery of rail services depends upon several key inputs including a skilled workforce, provided through Queensland Rail, the statutory authority; construction and delivery partners; electricity and fuel energy sources; supply of resources and materials to maintain the network; and supply of specialist parts and equipment for rollingstock and network infrastructure, including communications and signaling systems.

The Queensland Government is a key stakeholder throughout the entire value chain, and the company actively supports delivery of government priorities, strategies and plans. This includes working collaboratively with government to integrate major rail infrastructure projects such as Cross River Rail, European Train Control Systems and Logan and Gold Coast Faster Rail, to expand and enhance the network, significantly increasing network capacity to meet growing demand for rail services. Rail services, network maintenance and management are predominantly funded through the Transport Services Contract (TSC), which is managed by the Department of Transport and Main Roads, on behalf of the State of Queensland.

3 Governance

3.1 Climate-related governance structure

The climate-related governance framework is outlined below highlighting the Queensland Rail Limited, Queensland Rail and Queensland Government working arrangements.



3.2 Board oversight

The Queensland Rail Board has overall oversight of strategic direction and risk for the group, including climate-related matters, discharged through governance structures and risk management frameworks. It is responsible for approving strategy (in conjunction with responsible Ministers); monitoring performance; expenditure; setting policies; and approving annual reports and financial statements (including the Sustainability Report). The Queensland Rail Board also has a specific responsibility to oversee the implementation of environment and sustainability strategies.

When setting strategy, the Queensland Rail Board considers climate-related context including emerging policy and industry trends, climate risk and opportunity drivers and stakeholder expectations, together with priorities communicated by the Queensland Government. To guide execution of strategy, the Queensland Rail Board also determines risk appetite and approves strategic risks, which have integrated climate-related risk and opportunity matters. Management provides a report for each Board meeting, which contains strategic performance updates, inclusive of climate-related emissions performance.

Board committees have been established to assist with oversight responsibilities. Each committee is governed by a charter that reflects relevant climate-related responsibilities as delegated by the Board. Each committee is responsible for review, oversight and provision of recommendations to the Board on matters within their purview and the Board receives updates via meeting minutes.

The **Audit and Risk Committee (ARC)** has oversight responsibility of climate risk matters. The ARC is responsible for overseeing and monitoring the preparation of financial statements, including mandatory climate-related disclosures; internal control structures; compliance; risk management frameworks; and internal and external audit functions. The ARC oversees how climate-related risk and opportunity matters are reflected in risk appetite along with the identification of new or emerging climate-related risks and opportunities.

In FY2026, the ARC met four times and received climate-related reports and updates relevant to its remit at each meeting from Management. This included discussion and review of enterprise climate-related risks and opportunities, climate scenario analysis approach, and outcomes of rolling detailed rail system climate-related risk assessments. As climate-related processes mature, reports will also mature to support broader oversight of risk and strategic connection.

The ARC also reviewed this Report and recommended its approval to the Board.

The **People, Safety and Environment Committee (PSEC)** has oversight responsibilities relating to human resources, customer experience, and environmental sustainability (including climate) and safety practices. It provides strategic direction and oversight of the consolidated group Environment and Sustainability Policy, which includes climate-related matters, frameworks and practices.

In FY2026 PSEC met four times and received an update at each meeting on climate-related risk and opportunity performance and initiatives, including climate-related metrics for emissions and climate hazard business disruptions. The PSEC also discussed, reviewed and provided direction on sustainability (inclusive of climate) programs and initiatives relevant to its remit, including around decarbonisation, emissions measurement and climate resilience.

The Board has also established the **Major Projects and Procurement Committee (MPPC)** which provides strategic direction and oversight of major project proposals, capital investment programs and funding to ensure investments are delivered in an efficient and cost-effective manner. Capital project proposals provide oversight of alignment with strategic objectives and priorities. While the committee's climate-related governance role has not yet been formalised, it does review project proposals where climate may be a driver for network reliability and resilience related projects.

3.3 Management's role in climate-related governance

3.3.1 Management responsibilities

Day-to-day management of Queensland Rail Limited has been delegated to the Chief Executive Officer (CEO), who is responsible for executing strategy, plans and policies, and managing risks (including climate-related risks and opportunities) within the organisation. The CEO is supported by the Executive Leadership Team (ELT), which comprises:

- Head of South East Queensland (SEQ)
- Head of Regional
- Chief Financial Officer (CFO) and Group Executive Finance and Corporate Services
- Group Executive Major Projects
- Group Executive People, Wellbeing and Sustainability
- Group Executive Safety, Engineering and Governance; and
- Group Executive Digital and Information.

Collectively the ELT drives strategic and operational planning, and is responsible for integrating applicable climate-related risks and opportunities into their respective operational processes. This is through their application of the enterprise risk management framework, and integration within standards and specifications for asset design and management, planning products and investment planning processes.

The ELT meets regularly through established governance forums to monitor organisational performance, strategy and risk profile, and reviews, discusses and endorses reports and papers for escalation to Board committees and/or Board. Key Management committees relevant to climate-related matters include the following:

The **Executive Risk Committee (ERC)** has a range of risk-related responsibilities, including:

- monitoring the effectiveness of compliance and assurance activities
- overseeing application and effectiveness of the enterprise risk management framework
- monitoring and overseeing climate-related risks and opportunities, and their processes and management controls, including integration with existing frameworks and functions; and
- monitoring and assessing systemic risk, strategic risks and escalation of significant risk issues (or where out of risk appetite) to the ARC.

The ERC is a Management committee that reports on risk management, performance and escalation of risk issues, where required, to the ARC. Chaired by the Group Executive Safety, Engineering and Governance, membership of the ERC comprises all ELT members, together with the Group Senior Manager Risk, Assurance and Compliance and Senior Manager Internal Audit.

In FY2026, the ERC met six times and received a report or update four times regarding climate-related matters relevant to its remit. This included updates on, and outcomes of, detailed rail system climate risk assessments, enterprise climate-related risk and opportunities summaries and progress on mandatory climate disclosure reporting preparation, which were discussed and as applicable endorsed for reporting to ARC for oversight and discussion. During the reporting period the ERC also discussed proposed operational changes to the enterprise risk assessment consequence criteria descriptions which included addition of climate considerations.

The **Executive Safety and People Committee (ESPC**) has responsibility for leading, reviewing, and setting direction for the implementation of safety, people, environment and sustainability (including climate) programs. It reviews and monitors climate-related performance and sets sustainability (including climate-related) priorities and initiatives.

The ESPC is a Management committee that feeds into the PSEC. Chaired by the Group Executive People Wellbeing and Sustainability, membership of the ESPC comprises all ELT members, together with Executive General Managers; Group Senior Managers of Rail Safety, Health, Safety and Wellbeing, and Environment and Sustainability; and other senior leaders from across the organisation in accordance with the ESPC charter.

The ESPC met six times in FY2026 and received an update at each meeting on climate-related initiatives, issues and performance, including climate-related metrics for emissions performance and climate hazard network disruptions, by way of a standing report. The ESPC discussed and endorsed the report for progression to PSEC for oversight and discussion. During the period, the ESPC also reviewed and provided direction and endorsement on the development and implementation of sustainability (including climate-related) strategies and initiatives.

The following teams have responsibilities for climate-related governance:

- The Environment and Sustainability Team, under the Group Executive People, Wellbeing and Sustainability. Responsible for coordinating the company's enterprise level approach to identification and assessment of climate-related risk and opportunities, coordinating greenhouse gas emissions reporting and producing reports for the aforementioned Management and Board committee governance forums, related to management and monitoring of climate-related risks and opportunities.
- Finance Team, under the CFO. Responsible for climate-related financial impact assessment, including current and anticipated financial effects.

Separate to Management committees, a **Sustainability Reporting Working Group** was established to aid integrated support for climate-related risk and opportunity assessment, and disclosure-related matters. Sponsored by the CFO and Group Executive People, Wellbeing and Sustainability, it comprises key representatives from Finance and Environment and Sustainability and engages with representatives from business areas including Strategy, Risk, and operational and commercial teams from the lines of business (SEQ and Regional), as required. In particular, representatives review, assess and validate climate-related risks and opportunities, their effects and management approach. Executive sponsors provide support, direction, and resources, as necessary.

The Risk, Assurance and Compliance team, reporting into the Group Executive Safety, Engineering and Governance, is responsible for the risk management, assurance and compliance frameworks and provides the ERC and ARC with regular risk report updates.

3.3.2 Controls and procedures used by Management

Management uses various processes and controls to support oversight of climate-related risks and opportunities and enable the preparation of the Sustainability Report.

Controls, processes and systems within the enterprise risk management framework are utilised to identify, assess and manage climate-related risks and opportunities. Risk management controls and processes are progressively integrating climate, including linking enterprise climate-related risks and opportunities to functional and operational business risks within the risk management system platform.

Governance mechanisms, including the various committee structures, are used for monitoring and risk oversight, and Management prepares regular internal reports that contain climate-related matters, including metrics or new risks. Further work is progressing to enable strategic monitoring of climate-related risks and opportunities to climate governance forums.

To enable the reliability of climate-related information, processes and systems are used for the measurement and estimation of emissions, with controls to check accuracy in place. Many processes and systems integrate with financial and asset systems to improve accuracy and completeness. Processes have been established for the assessment and review of climate-related risk assessments, scenario analysis and determination of materiality, with additional processes expected to be developed as climate reporting matures.

Resources are allocated to support climate-related risk assessments and develop management responses, including leading the development of the Sustainability Report.

3.3.3 Executive remuneration

Queensland Rail Limited does not employ staff. Personnel are employed by the parent company, Queensland Rail, which manages executive remuneration in accordance with the Chief and Senior Executive Employment Arrangements Policy issued by Queensland Treasury, and a performance management framework provides for the establishment of individual objectives to support managing performance. Queensland Rail does not operate an incentive payment program as part of its remuneration framework and no specific climate-related performance metrics are included in executive remuneration.

3.4 Skills and training

A Board skills assessment has been undertaken to determine the level of skills and experience of current Directors against the Board-approved Board Skills Matrix. Directors' individual self-assessment outcomes were moderated by the Board Chair as required to ensure consistency across all Directors' responses. This is a process conducted annually and supports Board succession planning. Climate-related awareness resources will continue to be provided for Director consideration.

Management representatives with climate-related expertise, provide briefings and updates to Directors that aim to enhance knowledge and understanding of climate policy, risk assessment, and climate-related industry trends. Briefings are provided through established committees and in FY2026 a summary of available training and knowledge-building resources was provided as part of an update for Director consideration. Directors also participate in site visits across the organisation, to strengthen and maintain their understanding of the group's operating climate risk and opportunity context. Collectively, these processes support the Board's skills and competencies to oversee the group's climate risks and opportunities and enable the application of that knowledge to broader strategic decision making.

Management representatives, particularly those involved in climate-related risk and opportunity assessment and disclosure preparation, continue to develop their individual climate-related skills and capabilities through formal and informal means, including:

- involvement in industry working groups to leverage learnings and knowledge shares
- attendance at climate-related forums; and
- undertaking formal and informal climate-related training.

Management's skills are supplemented by the use of external experts, as required.

A program of climate and sustainability-related capability building is currently under development and will be delivered to a broader range of employees and leaders commencing FY2027.

4 Strategy

4.1 Enterprise strategy

Queensland Rail's enterprise strategy is focused on connecting communities across Queensland in support of government objectives for the community and strategic state transport outcomes. Priorities include reliability, resilience, modal shift, and efficiency and sustainability, through a focus on safety, customers and communities and people. Collectively these priorities are core to how the company manages its priority climate-related risks and opportunities.

4.2 Timeframes

In assessing climate-related risks and opportunities, potential impacts across the short medium and long term were evaluated, as per the time horizons in Table 1.

Table 1: Time Horizons

	Time horizons	**Rationale**
Short-term	1-5 years (2030)	A short-term view of impacts aligning with the group's annual operational planning, and five-year corporate planning and operational budget time horizons.
Medium-term	6-15 years (2040)	A mid-term view of impacts aligning with the group's 10-year product and investment planning time horizons
Long-term*	16-25 years (2050)	A long-term view of impacts aligning with longer term government strategies for transport planning and the rail network, and the Queensland Government's commitment to net zero by 2050. It also reflects a long-lead asset portfolio.

* Recognising there are many long-life assets within the company's asset portfolio, asset level detailed physical climate risk assessments have also been undertaken with a view beyond the above time horizons, including out to 2090. This approach, however, is for stress testing purposes, noting the significant uncertainties that come with very long timeframes.

4.3 Scenario analysis

In FY2026 Queensland Rail Limited conducted its first climate scenario analysis on shortlisted climate-related risks and opportunities. The largely qualitative analysis evaluated impacts and anticipated effects on the company's business model, value chain and financial performance over the short, medium and long term. It was also used to assess strategy and business model resilience to climate-related risks and opportunities in aggregate.

Two scenarios were used to ensure impacts of both physical and transition risks were captured: a low emissions scenario and a high emissions scenario. Scenarios were selected to align with both *Corporations Act* requirements and Queensland Treasury requirements to support consolidated government reporting.

Table 2: Scenarios

	Low emissions scenario	**High emissions scenario**
Reference scenarios	Long Paddock SSP1-2.6 Low, supplemented with IPCC SSP1-1.9 trends, events and pathways for transition risk.	Long Paddock SSP2-4.5 Moderate, supplemented with IPCC SSP2-4.5 trends, events and pathways for transition risk.
Global temperature outcome	1.5°C by 2100	2.7°C by 2100

Scenario narrative	Taking the Green Road • Low challenges to mitigation and adaptation. • Ambitious climate policies and rapid decarbonisation through clean energy innovation and decline in fossil fuel supply. • Increasing exposure to climate hazards that begin to stabilise.	Middle of the Road • Moderate challenges to mitigation and adaptation. • Minimal climate policy progress and moderate technological development. • Increasing exposure to climate hazards with extreme weather intensifying.

Key uncertainties considered in the company's analysis include:

Physical:

- Changing frequency, severity and duration of chronic and acute physical risk events.

Transition:

- The nature and pace of local and global decarbonisation action and policy
- Fuel and electricity price trajectories and the resilience of their supply
- Changing commodity markets, including critical minerals and thermal coal
- Macroeconomic outcomes from the transition
- The cost and availability of decarbonisation technologies.

4.4 Climate-related risks and opportunities

The company recognises that climate change has the potential to affect its operations, supply chain and broader business through physical and transition related impacts.

An assessment of climate-related risks and opportunities, identified as per section 5.1, was conducted to determine a shortlist of risks and opportunities which might affect the company's financial prospects. This considered risk rating, stakeholder interest, strategic relevance and uncertainty. Shortlisted risks and opportunities, consolidated where practical, were then subject to scenario analysis as per section 4.3, to better understand business model, value chain and financial effects over the short, medium and long term and determine those that are reasonably expected to have material impacts on the company's financial prospects. This process also enabled consideration of material information about climate-related risks and opportunities based on the needs of the users of the company's financial reports.

As an asset-heavy, linear infrastructure manager, the organisation is exposed to physical climate-related risks including those associated with flooding, rainfall, bushfire, heat and sea level rise and coastal inundation. These arise from both acute and chronic climatic changes which have the potential to materially impact assets, operations, property and the broader supply chain. Exposure to physical risks is particularly impactful to rail infrastructure including track and structures, such as bridges and drainage infrastructure, and is more concentrated in inland and northern parts of the network.

While rail is well recognised as an energy efficient transport mode, the organisation is a significant user of energy, with electricity the primary energy source, supplemented by diesel as used across the locomotive and road fleet. The network also supports the transport of emissions-intensive commodities, including coal. As a result, the organisation is exposed to a range of transition risks and opportunities associated with the global shift to a low-carbon economy and reduced reliance on fossil fuels. These risks and opportunities may be driven by evolving regulation and policy, market and technology changes, shifting stakeholder expectations and the transformation of energy systems and resilience requirements.

Ten consolidated climate-related risks and opportunities were shortlisted and subject to scenario analysis, with three climate-related risks determined as having potential to reasonably and materially affect the company's financial prospects within the selected time horizons. These risks are further described below, including the nature of their impacts on the business model and value chain, their current and anticipated financial effects, and key mitigations including proactive and reactive measures.

Risk 1: Flooding and/or extreme rainfall	
Risk description: Increase in flooding and extreme rainfall events impact infrastructure and assets.	
Risk type: Physical (Acute)	**Time horizons of impact:** Short, medium and long
Potential impacts on business model and value chain • Asset damage or destruction due to inundation or structural damage to bridges/culverts, track infrastructure including embankments, or equipment requiring minor to major repair or replacement. • Operational service disruptions including delays or cancellations caused by precautionary or damage related network restrictions or closures, impacting revenue services and disrupting upstream and downstream supply chains. • Interruptions to planned works, adding to work backlogs. With the intensity of rainfall (max 1-day precipitation, 95th percentile) projected to increase by 14-17 per cent by 2050, impacts are expected to occur across the broad network, with more significant impacts likely to occur along the Mount Isa line and northern sections of the North Coast line, associated with damage to track and bridge and culvert structures, leading to service disruptions and network closures. This affects upstream freight partners and miners, as well as downstream customers. Revenue loss may occur for events impacting freight corridors over longer periods.	
Scenario analysis key findings Parts of the network have historically been impacted by flooding and extreme rainfall events which have resulted in significant network closures and repairs, disrupting supply chains and customers. Under all scenarios analysed, extreme rainfall and flooding is expected to become more frequent and severe, with increasing operational and financial impacts expected over time. Differences between scenarios emerge in the medium term, with impacts particularly increasing in severity in the high emissions scenario.	
Current financial effects Flood related impacts are generally managed within existing operating and capital programs, with financial impacts primarily reflected in maintenance, recovery works and incident response expenditure. While events may be significant, financial impacts are generally absorbed within existing budgets and not separately disclosed unless material. During the reporting year, extreme rainfall and flooding events occurred across north and central Queensland, including the Mount Isa line and northern sections of the North Coast line which disrupted operations and closed portions of the network in late 2025 and early 2026. Approximately $23.4 million of repair and restoration costs were incurred, including provision recognised for outstanding restoration activities. **Anticipated financial effects** In the short and medium term, increased frequency and severity of flooding events are expected to drive increasing operating expenditure (through inspections, maintenance, emergency response and recovery activity), increasing capital expenditure (asset repairs, resilience and drainage upgrades) and potential revenue loss due to significant service disruption and reduced network availability. In the longer term, sustained exposure to flooding may require significant investment, including corridor resilience programs and asset redesign. The extent of adaptation needed remains subject to significant uncertainty and future consultation with the Queensland government.	
Key mitigations • Engineering standards and specifications incorporate climate change hazards, to support resilience uplift for new and upgraded assets over their service life as practical. • Investment programs and projects target upgrades and strengthening of priority infrastructure including culverts, drainage infrastructure and bridges. • Integrated weather monitoring systems to track real time conditions and guide operational management decisions. • Strategic pre-positioning of critical materials and equipment ahead of forecast weather events to support efficient response and recovery. • Agile workforce to support response and recovery activity. • Emergency and disaster management planning frameworks in place including annual summer preparedness plans.	

Risk 2: Extreme heat impacts on infrastructure and rolling stock
Risk description: Increasing temperatures and extreme heat events impact rail infrastructure and operations.
Risk type: Physical (Acute and Chronic) **Time horizons of impact:** Medium and long
Potential impacts on business model and value chain • Operational service disruptions due to temporary speed restrictions applied to the network in periods of extreme heat. • Reduced asset performance or premature failure of assets requiring heat-resilient upgrades. Heatwave frequency is projected to increase by 7-38 per cent by 2050 with impacts most significant for the Mount Isa line, North Coast line and SEQ networks. The number of hot days (>35°C) are projected to increase by up to 43 per cent by 2050, predominantly in northwest Queensland (Mount Isa line) and inland areas including the West Moreton system. Higher temperatures increase the risk of track buckling, equipment failure and operational disruptions, including through temporary speed restrictions. This affects upstream freight partners and miners, as well as downstream customers. Revenue loss may occur for events impacting freight corridors, however, are largely recoverable due to the temporary nature of impacts and capacity of the network to accommodate make up train paths.
Scenario analysis key findings Infrastructure is currently impacted by extreme temperatures which have resulted in temporary speed restrictions or track buckling that disrupts or delays services, supply chains and customers. Under all scenarios analysed, increases in temperature and more frequent extreme heat events are expected, with concentration in north, northwestern and inland areas, with increasing operational and financial impacts anticipated over time. Differences in scenarios emerge in the medium term with less persistent impacts in the low emissions scenario and impacts compounding under the high emissions scenario.
Current financial effects Heat-related impacts are managed within existing operating and capital programs, with costs primarily reflected in maintenance, renewals and event response expenditure. During the period, no material financial impacts have been identified for disclosure. **Anticipated financial effects** In the short to medium term, increased frequency and severity extreme heat events for some parts of the network is expected to drive higher operating expenditure (inspection, maintenance, emergency response), increased capital expenditure (for targeted asset strengthening, renewals and upgrades), and potential revenue impacts due to network disruption, particularly for longer heatwave events. In the longer term, sustained exposure may require significant adaptation investment or changes in service offering models. The extent of adaptation needed, and financial impacts, remain subject to significant uncertainty and future Queensland government consultation.
Key mitigations • Engineering standards and specifications for key equipment and facilities incorporate thermal design requirements and future temperature predictions. • Track and infrastructure inspections, aiding by new and emerging technologies to support preventative maintenance. • Rolling rail and sleeper replacement and formation strengthening projects and programs. • Extensive track condition monitoring systems, including temperature sensors, to support proactive operational response planning. • Resources to support efficient impact response and recovery.

Risk 3: Freight commodity changes

Risk description: Shifting commodity demands due to climate policy, including decline in coal or other emissions intensive freight commodities, emerging low carbon industry commodities and variability in agricultural products impacts revenue and asset utilisation.

Risk type: Transition | **Time horizons of impact:** Medium to long

Potential impacts on business model and value chain

- Decline in demand for emissions intense freight commodities currently transported, resulting in revenue reduction.
- Underutilisation of assets, impacting asset value.
- Increase in network investment to support new commodity markets.

While impacts may arise across the network; exposure is most significant in corridors with a high reliance on bulk commodities that are linked to emissions-intensive industries, particularly coal, such as the West Moreton system. This affects upstream freight operators and miners and impacts asset utilisation and maintenance needs, which may impact revenue. Conversely there may also be growth in emerging commodity sectors, including low emission industry commodities, driving need for infrastructure upgrades in various other parts of the network, including the Mount Isa Line.

Scenario analysis key findings

Freight demand expands to include critical minerals and coal demand remains stable until the medium term where it starts to decline. Over time, sustained shifts in freight demand may alter network utilisation pattern and revenue mix, requiring reconsideration of capital allocation, service models and long-term network planning, to align with changing market conditions. The transition away from coal occurs earlier in the low emissions scenario, compared to a slower transition observed in high emissions scenario.

Current financial effects

In FY2026 freight revenue remained unaffected by climate-related commodity risks and no material financial impacts have been identified for disclosure.

Anticipated financial effects

In the medium term, changes in commodity demand, driven by global decarbonisation trends, may result in revenue variability, particularly where volumes of emissions-intensive commodities decline.

Longer term, more significant shifts in freight demand may lead to structural changes in revenue mix, resulting in reassessment of asset useful lives and commercial viability of corridor-specific infrastructure where demand declines significantly. Growth in alternative commodities (e.g. critical minerals and intermodal freight) may require increases in capital to upgrade or reconfigure infrastructure to meet demand. Overall financial impacts will depend on the pace and scale of global decarbonisation and customer transition pathways and remain subject to material uncertainty. Financial impacts may become material over the long term, following the projected decline or cessation of coal freight.

Key mitigations

- Identification of customers and markets, and work with industry stakeholders to reduce barriers to entry.
- Partnering with government and industry stakeholders on common user infrastructure to support new markets.
- Annual update of commodity demand scenarios and market overview for key rail corridors.
- Monitoring government policy and industry trends.
- Integration of freight market models/predictions in asset and investment planning.
- Freight customer engagement through regular customer forums.

Scenario modelling of potential financial impacts was limited to qualitative analysis in this first year with quantitative information not provided noting the availability of supportable information, multiple highly uncertain variables and that many effects are not separately identifiable. As scenario modelling maturity scales, analysis will improve alongside a reduction in uncertainty.

Work is also progressing to facilitate quantitative analysis in future years. Analysis suggests the following financial statement lines may be affected:

- Depreciation expense – due to potential changes in asset useful lives.
- Supplies and services – repair costs.
- Other expenses – potential asset impairment or write-off.
- Provisions – for incremental expenditure for repairs of impacted assets.
- Revenue from operations – network access.

For completeness, Table 3 presents the shortlisted risks and opportunities that were determined as not reasonably expected to impact the company's financial prospects. This is predominantly due to their isolated scope or location of impacts, insignificant change relative to current exposure and/or existing resilience within the business model and value chain.

Similarly, opportunities associated with growth potential were assessed as not likely to materially impact the organisation's prospects, noting uncertainty within the scenarios relating to demand changes over time and external dependencies. While not financially material to the company, the opportunity to grow sustainable transport is part of broader Queensland government priorities. The company supports this opportunity through its focus on reliability, safety and customer access and experience, including by growing freight on rail to deliver broader economic benefits.

These risks and opportunities will continue to be monitored.

Table 3: Shortlisted climate-related risks and opportunities that were determined to not impact financial prospects

Climate-related risk or opportunity		Potential impacts
Physical risks	• **Storm/cyclone lightning and wind** • **Bushfire** • **Sea level rise**	• Asset damage or destruction • Operational service disruptions. • Increase in expenditure due to repairs or replacement. • Damage to third party property and increase in claims.
	• **Temperature – worker exposure**	• Increase in staff fatigue and heat-related safety incidents. • Constrained safe windows for working for outdoor activities impacting productivity and works delivery.
Transition risks	• **Modal shift**	• Reduced revenue from declining rail sector demand • Under utilised assets due to modal shift away from rail.
	• **Low carbon transition and technology**	• Increase in operational expenditure for emissions compliance, carbon intense goods and services, and fossil fuel price volatility. • Increase in capital expenditure for low carbon asset and infrastructure upgrades or replacement.
Opportunity	• **Demand for sustainable transport**	• Increased revenue due to increasing customer demand.

4.5 Strategy and decision making

Asset and product-related strategies and plans are increasingly integrating climate drivers and specific risks and opportunities, as relevant to assets, geography and customers. The rolling program of detailed rail system physical climate risk assessments has and will continue to deliver specific insights on current and future climate-related risks for use in longer term business planning and programs. At the end of the reporting year, approximately 3,030 kilometres of the network had been assessed, with early focus on the most vulnerable and heavily utilised corridors.

Work has commenced to better connect planning processes across the organisation, improving how risks and opportunities, including climate-related, inform decision making. Strategic risks and priorities have a clear linkage to the management of identified climate-related risks and opportunities, enabling business and investment proposals to demonstrate alignment, benefits and aid decision making.

Noting climate is often a key driver for network reliability projects, climate-related risks or opportunities are discussed in specific project proposals that directly or indirectly contribute to management of climate risks and management. Further integration work, however, is required to support decision making and trade-offs. During the reporting period a climate change design guide was issued for utilisation in capital projects, leveraging outcomes of climate risk assessments.

The strategic response to physical risks combines pragmatic adaptation and resilience measures inclusive of preparation, response and recovery. This is being delivered through:

- Climate aware asset and infrastructure design standards, enabling progressive uplift through renewals and new construction, noting an aging asset portfolio. A comprehensive stress testing review of engineering design controls against future climate projections has been completed, with only some areas for uplift identified to address medium to long term hazards.
- Targeted investment in priority areas of the network that deliver climate risk mitigation in combination with operational improvements. Key areas of investment include culvert and bridge upgrades, rock armouring, slope stabilisation, timber bridge replacements, and rail and sleeper replacements to improve reliability and resilience.
- Preparation and contingency planning, including extensive climate hazard monitoring to enable early and informed operational responses. Proactive planning for severe weather events enables protection, isolation or relocation of assets such as power and signalling systems, facilities and rollingstock to minimise or prevent damage and facilitate prompt return to services. Pre-event logistics planning comprising strategic placement of materials and equipment for track restoration, enables timely repair works limiting overall disruption.

While the company does not have a climate transition plan in place to manage the transition towards a low-carbon economy transition risks and opportunities are managed to leverage the foundational sustainable credentials of rail, with strategies developed in conjunction with government to drive modal shift through a focus on reliability, frequency and cost effectiveness.

In 2026 the Queensland Government launched a four-year 10 per cent subsidy on below rail access charges for users of the Mount Isa line to support industry, strengthen freight corridors and grow the north Queensland economy. Additionally, significant government investment is being leveraged, in particular in SEQ, to integrate new assets, ensure operational reliability and enhance customer experience. This will strengthen the rail network's capacity to reliably meet future demand, and position rail as a key enabler of a low emissions transport system.

The Queensland Government has set a net zero by 2050 commitment, and the role of rail in supporting economy-wide decarbonisation through modal shift is recognised. The company monitors potential emerging technologies that may support a low-carbon operation over time, and the current focus remains on cost-effective energy-efficiency opportunities, small-scale solar generation system integration and increasing patronage/commodity movement to reduce emissions intensity. The electrified network, which is the most significant contributor to the company's emissions profile, provides a structural advantage as the electricity grid decarbonises in line with government plans. As part of the Queensland Government's Energy Roadmap, sector-based emissions reduction plans will be progressively developed by government. It is expected that these plans may influence and inform the company's future decarbonisation initiatives.

4.6 Climate resilience

Climate scenario analysis was used to assess Queensland Rail Limited's climate resilience by considering how the potential effects of its climate risk profile could impact its business model and strategy over time under the different scenarios. The assessment focused on the company's capacity to continue operating, recognising the inherent uncertainty in projecting longer term climate futures. The analysis found significant sources of resilience within the business model and operational approach; however, these sources may be tested by higher levels of climate change.

The following key areas underpin the company's resilience to climate-related risks:

- **Network design and operation:** Geographic spread of the network reduces exposure to network-wide impacts, while network configuration and critical system contingency, supports broader service continuity.
- **Funding model:** Flexibility to re-prioritise operational and capital funding in response to climate-related impacts and in consultation with the Queensland Government.
- **Safety management:** Operations are managed with a safety first, always approach.

- **Response and recovery:** Strong response and recovery culture, with workforce agility underpinned by comprehensive business continuity and emergency and crisis management frameworks.
- **Asset design and management:** Rail assets are conservatively designed to withstand disruption, while asset strategies and plans take a risk-based approach and progressive hardening of infrastructure over time.
- **Low carbon network:** Heavily electrified footprint which is well positioned to respond to evolving decarbonisation expectations.
- **Government supported transport infrastructure:** Government support for sustainable rail transport solutions for passenger and freight.

Under both scenarios, investment in adapting assets and operations to cope with more intense and frequent extreme weather events will likely be required, particularly to address heat and flooding. The higher emissions scenario is likely to require greater investment in the medium-long terms to adapt to more extreme weather conditions enduring beyond the long-term time horizon. Investment in emissions reduction is anticipated under both scenarios; more investment may be required in the short-medium terms under the low emissions scenario, whereas this is likely delayed in the high-emissions scenario.

Reliable, resilient and responsive networks, and safe and accessible services are key objectives of the Queensland Government, which enables strategy to be adapted and investments optimised to align with government priorities and expectations, including for adaptation and decarbonisation.

Some limitations and dependencies were identified during scenario analysis that may impact Queensland Rail Limited's ongoing resilience. This included:

- Asset design thresholds may be surpassed during extreme events, increasing the risk of disruptions, damage and repair or maintenance costs.
- Large scale climate events may impact broadly across the network, limiting contingency measures.
- Government funding may be constrained, and support for recovery, adaption or decarbonisation may require reprioritisation within existing government budgets in alignment with government objectives.

The analysis demonstrated resilience across Queensland Rail Limited's business model and strategy. The nascent nature of the analysis is recognised along with the need to evolve and refresh analysis over time**.** While resilient, Queensland Rail Limited acknowledges that work will need to be done to maintain resilience. The company anticipates:

- Continuing investment in network hardening and upgrades to maintain operational continuity.
- Ensuring worker safety strategies remain suitable under a changing climate.
- Developing an adaptation framework to identify opportunities to minimise future losses from climate risks.

4.7 Climate-related metrics

Vulnerability to all shortlisted climate-related risks has been considered based upon the level of information readily available and a systems view has been adopted. Consideration has also been given to the type and scale of activities occurring across the network, the degree of operational adaptability and contingency available within different rail systems and lines, and the financial implications of any impacts.

While Queensland Rail Limited's entire network is exposed to physical climate risks, three of the eight rail systems (Mount Isa line, North Coast line and West Moreton system) are considered vulnerable to physical climate change risks. Collectively, these systems account for approximately 61 per cent of the Queensland Rail Limited network. Vulnerability has been determined based on a high-level consideration of current and historical impacts, scenario analysis outcomes and the findings of detailed rail system risk assessments that have considered geographic-specific climate variables and asset components. In the absence of more granular data, and acknowledging the linear asset portfolio, this measure is expected to be conservative as vulnerability along a single rail line will vary widely due to terrain, accessibility and asset composition. It is recognised that specific assets upon other lines, may in isolation, also be vulnerable to physical risks.

Two of the eight rail systems, the West Moreton system and North Coast line, are considered vulnerable to transition risks. This is based on the West Moreton system being the exclusive corridor for coal freight and hence vulnerable to coal related commodity changes, while the predominant general freight movements upon the North Coast line make it more vulnerable to modal competition risk.

Noting the sustainability credentials of rail transport and recognition that it will support an economy-wide low carbon transition through safe and reliable freight and passenger transport, it is anticipated that 100 per cent of the network is aligned to climate-related opportunities.

In FY2026 capital deployment to projects aligned to climate-related risks and opportunities was $56.3 million. These projects directly address climate-related risks or opportunities, but not necessarily exclusively. The company is unable, at this time, to separately identify the portion of capital expenditure that relates specifically to climate, as resilience and opportunity outcomes are largely integrated with broader project outcomes.

5 Risk management

5.1 Climate-related risk and opportunity identification and assessment

Climate-related risks and opportunities have been identified and assessed through a structured approach aligned to the company's enterprise risk management framework. The scope included all the company's operations and assets and considered its value chain.

For physical risks, a rolling program of detailed rail system climate risk assessments is underway, with a focus on the more exposed and heavily utilised rail systems in the first instance. Assessments considered a diversity of climate hazards across key asset components and operational interfaces. Physical risks were determined in consideration of a review of climate-related risks in similar industries, alongside government guidance, and tested with technical and asset management stakeholders. Inputs to the assessment included regional-specific climate modelling data sourced from the Queensland Government's Long Paddock Future Climate resource; local asset hazard logs; historic climate event details including financial and non-financial impacts; and local insights on asset performance and recovery. Risks were assessed against financial and non-financial consequence categories across various timeframes, including current state and out to 2090 under a high emissions scenario as a stress testing approach.

Transition risks and opportunities were identified at an enterprise level in consideration of operational context, business activities and value chain, using sector and market insights and with input from key internal stakeholders. Peer industry risks and opportunities were also considered. Transition risks and opportunities were assessed across financial and non-financial consequence categories, and under a high and low emissions scenario, over short, medium and long timeframes out to 2050. Enterprise risk criteria descriptions were applied in reverse across financial and non-financial categories, noting the framework at this time does not explicitly provide for opportunity assessment.

In FY2026 an enterprise view of climate-related risk and opportunities was developed through roll up and consolidation of detailed physical rail system assessment outcomes, combined with transition risk and opportunity assessment outcomes. The enterprise climate-related risk and opportunity summary was presented to ERC and ARC and will be reviewed at least annually. For disclosure, enterprise climate-related risk and opportunities were shortlisted and assessed using scenario analysis, to determine those which have potential to materially impact Queensland Rail Limited's financial prospects, as per section 4.3.

Climate-related risks are not prioritised over other risks. Rather, climate-related considerations are being integrated into the enterprise risk management framework. In this reporting year, amendments were made to the risk assessment criteria to explicitly provide for climate policy and emissions consequences, building upon already established asset integrity and operational continuity related consequences.

In FY2026 a process of linkage and integration into existing business risks commenced and is ongoing. This reflects that many business risks already consider climate-related hazards or consequences, and that climate-related risks are drivers of other existing financial and non-financial risks. Climate-related risks and opportunities were also mapped to strategic risks and core priorities, further integrating their management.

5.2 Monitoring

Some climate-related performance metrics are reported to governance forums, including greenhouse gas emissions and weather-related service delays. Further work is progressing to establish strategic monitoring of climate-related risks and opportunities using key performance indicators, functional and operational risk monitoring performance and other insights.

Enterprise climate-related risks and opportunities will be reviewed at least annually, taking into consideration metrics and linked business risk management insights. They will be reassessed sooner if the operating context changes significantly. Risk escalation processes established under the enterprise risk management framework, including risk appetite, will be used as reviews and reassessments dictate.

6. Metrics and targets

6.1 Climate-related targets

Queensland Rail Limited has not set any climate-related targets, nor is it required to meet any targets by law or regulation.

6.2 Greenhouse gas emissions

Approximately 85 per cent of Queensland Rail Limited's emissions are associated with electricity, with 70 per cent coming from the high voltage rail traction network and the remainder from property assets. Approximately 6 per cent of emissions are generated through operation of diesel locomotives for travel, tourism and network maintenance activities, and another 5 per cent is associated with operation of the road fleet. The remainder of emissions come from sources such as minor consumables, contractor fuel use and fugitive emissions from industrial processes such as refrigerant gas leakage.

Table 4: Absolute greenhouse gas emissions

	FY2026
Scope 1 emissions	37,125 Tonnes CO2-e
Scope 2 emissions (location-based)	210,528 Tonnes CO2-e
Total scope 1 and 2 emissions	247,653 Tonnes CO2-e

The transition relief permitting non-disclosure of the group's Scope 3 emissions in the first reporting period has been adopted.

6.2.1 Methodology for calculating scope 1 and 2 greenhouse gas emissions

To determine the organisation boundary for emissions inventory reporting, the principles within the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard* (GHG Protocol) and Australia's National Greenhouse and Energy Reporting Act (2007) (NGER) have been applied. An operational control approach has been adopted as the most appropriate method, with boundaries set based on the company's authority to directly introduce and implement operating policies over activities. This is considered the most appropriate method as this is also the approach required in NGER reporting and processes are well established. Activities outside of the group's operational control are considered for inclusion as sources of Scope 3 emissions, which will be reported in future years.

Within the company's operational boundary are:

- Scope 1 emissions - direct emissions that occur from sources owned or controlled by the company. They primarily arise from combustion of diesel for transport and stationary purposes and refrigerant leakage from air conditioning and refrigerant systems.
- Scope 2 emissions - indirect emissions associated with the generation of electricity purchased and consumed. Reported using the location-based method, reflecting Queensland's electricity grid emissions intensity.

Within the boundary is the Queensland Rail Limited managed rail network and the operation of rollingstock (above rail operations) upon any rail network. It does not include the Scope 1 or 2 emissions from third party train operators operating on the Queensland Rail Limited network but does include Scope 1 and 2 emissions from owned and leased offices and depots, vehicles and plant, including contractors within the operational control of the company.

Emissions of CO_2, N_2O, CH_4 and SF_6.are measured in accordance with the NGER Act as this methodology is aligned with jurisdictional reporting requirements, with well-developed process and procedures in place. CO_2, N_2O, CH_4 emissions are calculated with reference to the NGER Act Method 01 provided energy conversions and emissions factors for Global Warming Potential (GWP). Method 03 industry practice is utilised for reporting SF6 emissions, as the sealed switchgear equipment is subject to ongoing monitoring and maintenance.

Hydrofluorocarbon (HFC) emissions are measured as per the relevant guidance and reporting tools under Queensland Treasury's whole-of-government emissions reporting framework, noting they are not in scope for NGER reporting by Queensland Rail Limited. HFC emissions calculations use Australia's National Greenhouse

Accounts (NGA) factors for leakage rates and GWP. This approach is the most practical for determining estimated emissions from a very large number of small heating, ventilation and air conditioning (HVAC) units.

The following activity data is used for measurement of emissions:

- Quantities of fuels or materials consumed based on supplier invoices.
- Quantity of refrigeration and HVAC assets to estimate leakage.
- Quantities of purchased electricity consumed based on invoices.

For activity data that is not available in a timely basis, estimates are used based on historical data.

6.3 Internal carbon pricing

The company does not apply an internal carbon price to decision making.

7. Judgements and uncertainties

The preparation of the Report required application of judgements and estimates in determining material climate related information, selection of methodologies, data use and the making of forward-looking statements. Key uncertainties are associated with scientific knowledge of future climate impacts, policy and regulatory evolution, market dynamics and emissions measurement methodologies due to data gaps and external methodologies. The identification and assessment of climate-related risks and opportunities was considered, using all reasonably available information. Table 5 and 6 summarises the key judgements and uncertainties.

Table 5: Significant judgements.

Judgement topic	
Identification of climate-related risks and opportunities	Identifying climate-related risks and opportunities required the making of judgements.
Impacts of climate-related risks and opportunities	Judgements were made during the assessment of impacts of the identified climate-related risks and opportunities over the short, medium and long term. Additionally, judgement was applied when determining the materiality of information of value to the users of the report.
Climate vulnerability metrics	Climate vulnerability has been assessed at the rail system level, considering the nature and volume of activities occurring on the system, the level of contingency available and financial implications.
Greenhouse gas emissions	Selection of methodologies for greenhouse gas emissions calculations, including the use of appropriate emissions factors required judgements. NGER methodologies and guidance, as per jurisdictional relief, are utilised, and use of National Greenhouse Accounts factors and Greenhouse Gas Protocol are used where NGER is not applicable.
Scenario analysis	Judgments were made around selection of scenarios for analysis and the underlying key assumptions of plausible future physical and transition risk outcomes across timeframes, including regulatory and policy development.

Table 6: Significant measurement uncertainties

Measurement uncertainty topic	
Greenhouse gas emissions	Scope 1 or Scope 2 emissions data may be uncertain due to data availability and calculation or estimation methods. Use of measured data is prioritised.
Resilience assessment	Assessment of climate resilience is subject to significant uncertainty reflecting the inherent limitations of climate scenario analysis and the long-term nature of the risks considered. Uncertainties exist around future climate impacts, their frequency, severity and location, and the time horizon over which they may occur.

8. AASB S2 index

Table 7: AASB S2 Index

Pillar	Report section	AASB S2 Reference
Governance	Section 3 – Governance	6a (i)-(v) 6b (i)-(ii)
	Section 4 – Strategy	6(a)(iv)
	Section 5 – Risk management	6(b)(ii)
	Section 6 – Metrics and targets	6(a)(v)
Strategy	Section 4 - Strategy	9(a)-(e) 10(a)-(d) 13(a)-(b) 14(a)(i)-(iv) 14(b) 15(a)-(b) 16(a)-(d) 18(a)-(b) 19(a)-(b) 21(a)-(c) 22(a) (i)-(iii) 22(b) (i)-(iii)
Risk	Section 3 – Governance	25(c)
	Section 4 - Strategy	25(a) (ii) 25(b)
	Section 5 – Risk management	25(a)-(c)
Metrics and Targets	Section 3 – Governance	29(g)(i)-(ii)
	Section 4 – Strategy	28(a)-(c) 29(b)-(e)
	Section 6 – Metrics and targets	28(a)-(c) 29(a) (i)-(vi) 29(f) 33- 36

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INDEPENDENT AUDITOR'S REVIEW REPORT ON SPECIFIED SUSTAINABILITY DISCLOSURES

To the Members of Queensland Rail Limited

Review Conclusion

I have conducted a review of the following specified Sustainability Disclosures in the Sustainability report of Queensland Rail Limited (the Company) for the year ended 30 June 2026 as required by Australian Standards on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB):

Sustainability Disclosures	Reporting requirement of Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures (AASB S2) (including related general disclosures required by Appendix D)	Location in Sustainability Report
Governance	Paragraph 6	Sections 3 to 3.4 on pages 7 to 10
Strategy (risk and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	Sections 4.4 and 5.1 on pages 12 to 15, and 19
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	Sections 6.2 to 6.2.1 on pages 20 to 21

The requirements of AASB S2 identified in the table above form the criteria relevant to the specified Sustainability Disclosures and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001.*

I have not become aware of any matter in the course of my review that makes me believe that the specified Sustainability Disclosures in the table above do not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

Basis for Conclusion

I conducted my review in accordance with the *Auditor-General Auditing Standards,* which incorporate the Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the AUASB. My review includes obtaining limited assurance about whether the specified Sustainability Disclosures are free from material misstatement.

In applying the relevant criteria, I note that subsection 296C(1) of *the Corporations Act 2001* includes a requirement to comply with AASB S2.

My conclusion is based on the procedures I have performed and the evidence I have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the 'Summary of the Work Performed' section of my report below.

My responsibilities under ASSA 5000 are further described in the *Auditor's responsibilities* section of my report.

I am independent of the Company in accordance with the applicable ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) together with the ethical requirements in the *Corporations Act 2001*, that are relevant to my review of the specified Sustainability Disclosures.

I have also fulfilled my other ethical responsibilities in accordance with these requirements, the Code and the *Auditor-General Auditing Standards*.

I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this independent auditor's review report.

The *Auditor-General Auditing Standards* incorporates a system of quality management, guided by the Australian Auditing Standards on quality management. This includes implementing and operating policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Other Information

The directors of the Company are responsible for the other information.

The other information comprises the information included in the company's annual report for the year ended 30 June 2026 but does not include the specified Sustainability Disclosures and my auditor's report thereon.

My conclusion on the specified Sustainability Disclosures does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However as required by the Auditor-General Act 2009 and the Corporations Act 2001, I have formed a separate opinion on the general-purpose financial statements.

In connection with my review of the specified Sustainability Disclosures, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the specified Sustainability Disclosures, or my knowledge obtained when conducting the review, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Preparation of the Sustainability report

Responsibilities of the directors for the specified Sustainability Disclosures

The directors of the Company are responsible for:

- the preparation of the specified Sustainability Disclosures in accordance with the *Corporations Act 2001*; and
- designing, implementing and maintaining such internal control necessary to enable the preparation of the specified Sustainability Disclosures, in accordance with the *Corporations Act 2001* that are free from material misstatement, whether due to fraud or error.

The directors' inherent limitations in preparing the Sustainability report

The following matters describe inherent limitations associated with certain sustainability disclosures included in the Sustainability report. These limitations arise from the nature of the reporting framework and the methods, assumptions, estimates and judgements used by the directors in preparing that information.

The Sustainability report contains forward looking information-relating to future events and conditions. These are inherently uncertain and may not occur as anticipated, or at all. We do not provide assurance on the extent to which this prospective information will be achieved.

The Sustainability report outlines that greenhouse gas emissions quantification is subject to significant measurement uncertainty, which arises because of the estimation and complexity to calculate, including application of activity data and emissions factors. The comparability of sustainability information between entities and over time may be affected by inconsistencies to estimate the measurement of those emissions, due to different, but acceptable, methods applied.

Auditor's responsibilities

My objectives are to plan and perform the review to obtain limited assurance about whether the specified Sustainability Disclosure are free from material misstatement, whether due to fraud or error, and to issue a review report that includes my conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the specified Sustainability Disclosures.

As part of the review in accordance with ASSA 5000, I exercise professional judgement and maintain professional scepticism throughout the engagement. I also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.
- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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A further description of my responsibilities under the *Auditor-General Act 2009* and *Auditor-General Auditing Standards* is located at the Queensland Audit Office website at: www.qao.qld.gov.au/audit-program/audit-standards.

These descriptions form part of my auditor's report.

Summary of the Work Performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the specified Sustainability Disclosures. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error.

The procedures I performed included, but were not limited to, the following:

- Enquired with relevant management personnel to understand management's materiality assessment process, the internal controls, governance structure, methodologies, assumptions, judgements, and reporting process for the presentation of the specified Sustainability Disclosures.
- Obtained an understanding of the processes and information flows related to the specified Sustainability Disclosures.
- Reviewed internal documentation including, charters, minutes of board and committee meetings, risk management frameworks, relevant technical papers, and records supporting the specified Sustainability Disclosures.
- Assessed the appropriateness of the reporting boundaries applied by obtaining an understanding of the Company's activities and organisational structure.
- Assessed the appropriateness of management's process for identifying and assessing climate-related risks and opportunities, including through inquiries of relevant personnel and inspection of supporting documentation.
- Performed analytical procedures to evaluate the reasonableness of Scope 1 and 2 emissions.
- Considered the presentation and disclosure of selected information in the specified Sustainability Disclosures against the requirements of AASB S2 Climate-related Disclosures.

27 August 2026

Rachel Vagg
Auditor-General

Queensland Audit Office
Brisbane