

# Financial Statements for the Year Ended 30 June 2023

Below Rail Services Provided by Queensland Rail  
Limited

## Contents Page

<b>Purpose and Scope of the Financial Statements</b>	<b>3</b>
<b>Statement of Earnings before Interest and Tax</b>	<b>4</b>
<b>Statement of Assets</b>	<b>5</b>
<b>Statement of Investments</b>	<b>6</b>
<b>Notes to and forming part of the Financial Statements</b>	
1. Basis of Preparation	7
2. Below Rail Services Provided by Queensland Rail Limited	8
3. Costing Manual	8
4. West Moreton Region	8
5. Mount Isa Region	8
6. North Coast Region	9
7. Internal Charges	9
8. Revenue Net Off	9
9. Allocated Items	10
10. Maintenance Costing Methodology	12
11. Other Relevant Matters	13
12. Reconciliation to General Purpose Financial Report	15
<b>Glossary</b>	<b>16</b>
<b>Certificate of Queensland Rail Limited</b>	<b>19</b>
<b>Independent auditor's report</b>	<b>20</b>

## Purpose and Scope of the Financial Statements

These are the Below Rail Financial Statements of Queensland Rail Limited (ABN 71 132 181 090).

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)*.

Queensland Rail's functions are detailed in section 9 of the QRTA Act. Queensland Rail discharges its statutory functions through its wholly owned subsidiary Queensland Rail Limited. Queensland Rail Limited does not employ any personnel but owns all non-employee related assets and contracts. It performs the role of rail transport operator under the *Rail Safety National Law (Queensland)*.

Section 250 (1)(b) of the *Queensland Competition Authority Act 1997 (QCA Act)*, declares the use of rail transport infrastructure for which Queensland Rail Limited, or a successor, assign or subsidiary of Queensland Rail Limited is the rail manager, as a declared service under part 5, division 2 of the QCA Act.

Clause 5.3.1 of the *Queensland Rail's Access Undertaking 2 (AU2)* requires the annual publication of financial statements for Below Rail Services provided by Queensland Rail Limited.

Below Rail Services are the activities associated with the provision and management of rail infrastructure, including the construction, maintenance and renewal of rail infrastructure assets, and the Below Rail management services required for the safe operation of Train Services on the rail infrastructure, including Train Control Services and the implementation of safe working procedures. For the purposes of these financial statements, Below Rail Services excludes passenger stations and associated facilities as they are not required to enable the operation of freight train services.

In order to prepare financial statements for the Below Rail Services, there are certain adjustments to exclude non-below rail transactions that have been accounted for within the Queensland Rail Limited. This means the Below Rail Services financial statements do not fully reflect the statutory financial position of Queensland Rail Limited.

These financial statements are prepared in accordance with the *Costing Manual* and take the form of a Statement of Earnings before Interest and Tax, a Statement of Assets and a Statement of Investments, and separately identify the West Moreton, Mount Isa and North Coast Regions from the rest of Below Rail.

These financial statements report only those revenues, expenses, assets and investments that are identified, attributed and allocated to the provision of Below Rail Services by Queensland Rail Limited.

**BELOW RAIL SERVICES PROVIDED BY QUEENSLAND RAIL LIMITED**
**STATEMENT OF EARNINGS BEFORE INTEREST AND TAX**

	FOR THE YEAR ENDED 30 JUNE 2023					FOR THE YEAR ENDED 30 JUNE 2022				
	West Moreton Region \$000's	Mount Isa Region \$000's	North Coast Region \$000's	Rest of Below Rail \$000's	Total Below Rail \$000's	West Moreton Region \$000's	Mount Isa Region \$000's	North Coast Region \$000's	Rest of Below Rail \$000's	Total Below Rail \$000's
<b>REVENUE</b>										
Access charges - coal	31,771	-	-	7,470	39,241	35,479	-	-	8,714	44,193
Access charges - other	2,596	97,060	49,476	153,448	302,580	1,878	84,967	47,457	142,596	276,898
Transport Service Contracts	8,416	-	184,344	537,105	729,865	5,928	-	175,613	539,203	720,744
Other	1,006	3,368	3,983	8,591	16,948	841	1,760	3,776	6,437	12,814
<b>Total Revenue</b>	<b>43,789</b>	<b>100,428</b>	<b>237,803</b>	<b>706,614</b>	<b>1,088,634</b>	<b>44,126</b>	<b>86,727</b>	<b>226,846</b>	<b>696,950</b>	<b>1,054,649</b>
<b>OPERATING EXPENSES</b>										
Infrastructure maintenance	26,850	44,574	106,646	271,661	449,731	24,191	49,704	98,003	234,559	406,457
Derailment / collision / flood repairs	2,083	6,882	2,341	4,419	15,725	1,861	1,253	4,472	8,963	16,549
Train operations management	5,960	5,352	14,708	44,061	70,081	5,188	4,545	12,735	38,305	60,773
Other expenses	3,708	9,617	13,854	43,278	70,457	4,724	12,736	16,926	35,769	70,155
Corporate overhead	2,868	6,691	12,187	26,719	48,465	1,465	2,930	5,748	12,660	22,803
Depreciation and amortisation	12,597	9,517	27,784	126,273	176,171	12,609	9,112	28,451	137,191	187,363
<b>Total Expenses</b>	<b>54,066</b>	<b>82,633</b>	<b>177,520</b>	<b>516,411</b>	<b>830,630</b>	<b>50,038</b>	<b>80,280</b>	<b>166,335</b>	<b>467,447</b>	<b>764,100</b>
<b>EARNINGS BEFORE INTEREST AND TAX</b>	<b>(10,277)</b>	<b>17,795</b>	<b>60,283</b>	<b>190,203</b>	<b>258,004</b>	<b>(5,912)</b>	<b>6,447</b>	<b>60,511</b>	<b>229,503</b>	<b>290,549</b>

The above Statement of Earnings before Interest and Tax should be read in conjunction with the accompanying notes.

## BELOW RAIL SERVICES PROVIDED BY QUEENSLAND RAIL LIMITED

## STATEMENT OF ASSETS

	AS AT 30 JUNE 2023					AS AT 30 JUNE 2022				
	West Moreton Region \$000's	Mount Isa Region \$000's	North Coast Region \$000's	Rest of Below Rail \$000's	Total Below Rail \$000's	West Moreton Region \$000's	Mount Isa Region \$000's	North Coast Region \$000's	Rest of Below Rail \$000's	Total Below Rail \$000's
<b>CURRENT ASSETS</b>										
Receivables	3,716	18,996	8,091	5,583	36,386	3,330	13,626	4,092	4,635	25,683
Inventories	3,057	7,133	12,993	27,768	50,951	3,189	6,378	12,511	26,985	49,063
Other	480	1,131	2,096	4,596	8,303	421	857	1,709	3,774	6,761
<b>Total Current Assets</b>	<b>7,253</b>	<b>27,260</b>	<b>23,180</b>	<b>37,947</b>	<b>95,640</b>	<b>6,940</b>	<b>20,861</b>	<b>18,312</b>	<b>35,394</b>	<b>81,507</b>
<b>NON-CURRENT ASSETS</b>										
Fixed assets										
Property (Land and Buildings)	6,731	3,884	28,213	107,177	146,005	7,003	3,952	28,819	111,837	151,611
Plant and Equipment	6,338	14,774	56,795	107,416	185,323	6,455	16,150	61,867	97,296	181,768
Infrastructure										
Permanent Way	315,132	266,272	677,230	2,361,841	3,620,475	295,528	241,861	673,505	2,340,735	3,551,629
Other	24,248	15,760	152,168	898,937	1,091,113	19,679	14,902	164,129	887,955	1,086,665
Assets under Construction	27,232	30,227	90,492	728,876	876,827	35,435	38,277	78,691	557,641	710,044
	<b>379,681</b>	<b>330,917</b>	<b>1,004,898</b>	<b>4,204,247</b>	<b>5,919,743</b>	<b>364,100</b>	<b>315,142</b>	<b>1,007,011</b>	<b>3,995,464</b>	<b>5,681,717</b>
Intangibles	1,164	2,744	4,890	13,988	22,786	1,442	2,945	5,815	16,203	26,405
Inventories	932	2,174	3,959	8,462	15,527	916	1,832	3,594	7,753	14,095
Other	56	130	237	507	930	95	189	371	799	1,454
<b>Total Non-Current Assets</b>	<b>381,833</b>	<b>335,965</b>	<b>1,013,984</b>	<b>4,227,204</b>	<b>5,958,986</b>	<b>366,553</b>	<b>320,108</b>	<b>1,016,791</b>	<b>4,020,219</b>	<b>5,723,671</b>
<b>Total Assets</b>	<b>389,086</b>	<b>363,225</b>	<b>1,037,164</b>	<b>4,265,151</b>	<b>6,054,626</b>	<b>373,493</b>	<b>340,969</b>	<b>1,035,103</b>	<b>4,055,613</b>	<b>5,805,178</b>

The above Statement of Assets should be read in conjunction with the accompanying notes.

**BELOW RAIL SERVICES PROVIDED BY QUEENSLAND RAIL LIMITED**
**STATEMENT OF INVESTMENTS**

	FOR THE YEAR ENDED 30 JUNE 2023					FOR THE YEAR ENDED 30 JUNE 2022				
	West Moreton Region \$000's	Mount Isa Region \$000's	North Coast Region \$000's	Rest of Below Rail \$000's	Total Below Rail \$000's	West Moreton Region \$000's	Mount Isa Region \$000's	North Coast Region \$000's	Rest of Below Rail \$000's	Total Below Rail \$000's
<b>Expenditure on fixed assets</b>	<b>33,048</b>	<b>28,273</b>	<b>63,871</b>	<b>338,572</b>	<b>463,764</b>	<b>24,428</b>	<b>48,848</b>	<b>59,436</b>	<b>311,040</b>	<b>443,752</b>

The above Statement of Investments should be read in conjunction with the accompanying notes.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 1. Basis of Preparation

These financial statements represent a special purpose financial report prepared specifically to meet the information needs of the Queensland Competition Authority (QCA) and access seekers who may seek access to rail infrastructure for the purpose of operating trains. Accordingly, this special purpose financial report may not be suitable for any other purpose.

These financial statements have been prepared in accordance with:

- (a) Clause 5.3.1 of the *Queensland Rail's Access Undertaking 2*.
- (b) The methodology and format set out in the *Costing Manual* for preparing Queensland Rail Limited's 2022-23 regulatory accounts as approved by QCA on 22 October 2020. Refer to Note 3 for the details of the *Costing Manual*.

The recognition and measurement requirements of the Australian Accounting Standards, the *Financial and Performance Management Standard 2019*, the Queensland Treasury *Financial Reporting Requirements for Queensland Government Agencies* and other authoritative pronouncements of the Australian Accounting Standards Board applicable to Queensland Rail Limited's general-purpose financial statements reported in Queensland Rail's Financial Report for the year ended 30 June 2023 are applicable in the preparation of these statements, unless specifically stated otherwise. For a summary of the significant accounting policies used, refer to the notes to the general-purpose financial statements of Queensland Rail for the year ended 30 June 2023.

#### Statement of Earnings before Interest and Tax

The source of information for the Statement of Earnings before Interest and Tax is the accounting records of Queensland Rail Limited. In preparing the Statement of Earnings before Interest and Tax these financial statements have been adjusted for this special purpose reporting by the addition of revenue net off (see Note 8), and treatment of internal charges as revenue (see Note 7).

#### Statement of Assets

The source of information for the Statement of Assets comprises the asset accounts and values from the balance sheet of Queensland Rail Limited. The deferred tax assets reported on the balance sheet of Queensland Rail Limited has been offset against deferred tax liabilities and the resulting net liability excluded from the Statement of Assets.

#### Statement of Investments

The Statement of Investments has been based on internal capital expenditure reports and relates to those capital projects which have incurred capital expenditure during the year ended 30 June 2023, with assets either commissioned during the year or remaining in the assets under construction balance at 30 June 2023.

#### Comparative Information

Comparative information in these financial statements has not been restated for changes in Below Rail ownership, *Queensland Rail Access Undertaking 2* or Queensland Rail Limited's *Costing Manual* unless specifically stated otherwise.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont.)**
**2. Below Rail Services Provided by Queensland Rail Limited**

Below Rail Services provided by Queensland Rail Limited are the activities associated with the provision and management of Rail Infrastructure for which Queensland Rail Limited is the Railway Manager, and the Below Rail management services required for the safe operation of Train Services on the Rail Infrastructure, including Train Control Services and the implementation of safe working procedures.

For the purposes of these statements Below Rail services exclude infrastructure and activities associated with the provision of passenger stations and platforms.

**3. Costing Manual**

The QCA approved a *Costing Manual* applicable to Queensland Rail Limited on 22 October 2020. The *Costing Manual* details the format and methodology used in the preparation of these financial statements.

Standard Allocators

The *Costing Manual* approved by the QCA on 22 October 2020 was updated with the following Standard Allocators for the 2022/23 financial year.

		2022-23	2021-22
<b>A</b>	Share of Queensland Rail Wide Items Allocated to Below Rail Services provided by Queensland Rail Limited	45.0%	45.0%
<b>B</b>	Operations Management "Mark Up"	0.0%	0.0%
<b>C</b>	West Moreton Region's Share of Below Rail Wide Items	6.0%	6.5%
<b>D</b>	Mount Isa Region's Share of Below Rail Wide Items	14.0%	13.0%
<b>E</b>	North Coast Region's Share of Below Rail Wide Items	25.5%	25.5%

**4. West Moreton Region**

The *Costing Manual* requires the Financial Statements to separately identify the West Moreton Region from the Rest of Below Rail. The West Moreton Region represents the following rail corridors:

- Rosewood to Miles
- Columboola to Cameby Downs

**5. Mount Isa Region**

The *Costing Manual* requires the Financial Statements to separately identify the Mount Isa Region from the Rest of Below Rail. The Mount Isa Region represents the following rail corridors:

- Stuart to Mount Isa
- Flynn to Phosphate Hill



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont.)****6. North Coast Region**

The *Costing Manual* requires the Financial Statements to separately identify the North Coast Region from the Rest of Below Rail. The North Coast Region represents the following rail corridors:

- Nambour to Aurizon Interface Point 11 (Parana)
- Gympie North to Gympie
- Maryborough West to Maryborough
- Auckland Point
- Aurizon Interface Point 7 (Rocklands) to Aurizon Interface Point 2 (Durroburra)
- Glenmore to Nerimbera
- Aurizon Interface Point 1 (Kaili) to Townsville
- Erakala to Mackay Harbour
- Bowen Junction to Bowen
- Townsville Jetty Branch
- Townsville to Cairns
- Cobarra Balloon
- North Coast Line Branches:
  - Aurizon Interface Point 12 (Graham) – Taragoola

**7. Internal Charges**

Internal charges for Below Rail Services provided are treated as revenue. Internal charges treated as revenue are access charges, telecommunications charges and ancillary infrastructure charges. The total internal charges reported as Below Rail Services revenue in 2022-23 was \$171.1 million (\$159.0 million in 2021-22). Included in the telecommunication charges to Above Rail, is a capital charge of \$3.7 million (\$2.5 million in 2021-22).

**8. Revenue Net Off**

Clause 2.4 of the *Costing Manual* requires that certain non-sales revenues be netted off against related expenses in the preparation of the Statement of Earnings before Interest and Tax. The list of transactions netted off against related expense is:

- (a) Gain on sale offsets;
- (b) Government grants for apprentice and trainee training;
- (c) Diesel fuel excise credits received;
- (d) Proceeds from the sale of scrap; and
- (e) Non-sales revenue recorded in corporate overhead and corporate service areas.

The total revenue offset against expenses for 2022-23 is \$98.5 million (\$69.9 million in 2021-22) of which \$29.6 million (\$29.9 million in 2021-22) relates to Below Rail Services.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont.)

## 9. Allocated Items

This Note provides details of the value of Below Rail wide revenue, expenses, assets and investments allocated to Regions using Standard Allocators C, D and E. The balance of Below Rail Services revenue, expenses, assets and investments have been either directly identified to regions (including identified to corridors) or attributed to regions on a causal basis. Below Rail wide items have been allocated to West Moreton, Mount Isa and North Coast Regions using the Standard Allocators C, D and E that applied in the respective year.

## (a) Statement of Earnings before Interest and Tax

The following table shows the allocated and attributed or identified Below Rail Services revenues and expenses:

	YEAR ENDED 30 JUNE 2023			YEAR ENDED 30 JUNE 2022		
	Allocated Below Rail Wide \$000's	Identified / Attributed To Regions \$000's	Total Below Rail \$000's	Allocated Below Rail Wide \$000's	Identified / Attributed To Regions \$000's	Total Below Rail \$000's
<b>REVENUE</b>						
Access charges - coal	-	39,241	39,241	-	44,193	44,193
Access charges - other	-	302,580	302,580	-	276,898	276,898
Transport Service Contracts	-	729,865	729,865	-	720,744	720,744
Other	11,837	5,111	16,948	10,343	2,471	12,814
<b>Total Revenue</b>	<b>11,837</b>	<b>1,076,797</b>	<b>1,088,634</b>	<b>10,343</b>	<b>1,044,306</b>	<b>1,054,649</b>
<b>OPERATING EXPENSES</b>						
Infrastructure maintenance	-	449,731	449,731	-	406,457	406,457
Derailment / collision / flood repairs	-	15,725	15,725	-	16,549	16,549
Train operations management	-	70,081	70,081	-	60,773	60,773
Other expenses	51,484	18,973	70,457	51,579	18,576	70,155
Corporate overhead	48,465	-	48,465	22,803	-	22,803
Depreciation and amortisation	-	176,171	176,171	-	187,363	187,363
<b>Total Operating Expenses</b>	<b>99,949</b>	<b>730,681</b>	<b>830,630</b>	<b>74,382</b>	<b>689,718</b>	<b>764,100</b>

Included in the Other expenses are telecommunications costs of \$12.9 million (\$13.2 million in 2021-22). This was made up of maintenance costs of \$9.0 million (\$8.9 million in 2021-22), depreciation of \$10.5 million (\$10.6 million in 2021-22) and other expenses of \$5.4 million (\$5.5 million in 2021-22) offset by \$8.1 million (\$7.8 million in 2021-22) to Above Rail as internal charges and \$3.9 million external revenue (\$4.0 million in 2021-22).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont.)

## 9. Allocated Items (Cont.)

## (b) Statement of Assets

The following table shows the allocated and attributed or identified Below Rail assets:

	YEAR ENDED 30 JUNE 2023			YEAR ENDED 30 JUNE 2022		
	Allocated Below Rail Wide \$000's	Identified / Attributed To Regions \$000's	Total Below Rail \$000's	Allocated Below Rail Wide \$000's	Identified / Attributed To Regions \$000's	Total Below Rail \$000's
<b>Current Assets</b>						
Receivables	5,294	31,092	36,386	3,372	22,311	25,683
Inventories	50,951	-	50,951	49,063	-	49,063
Other	7,815	488	8,303	6,296	465	6,761
<b>Total Current Assets</b>	<b>64,060</b>	<b>31,580</b>	<b>95,640</b>	<b>58,731</b>	<b>22,776</b>	<b>81,507</b>
<b>Non-Current Assets</b>						
Fixed assets						
Property (Land and Buildings)	16,302	129,703	146,005	17,460	134,151	151,611
Plant and Equipment	38,664	146,659	185,323	44,677	137,091	181,768
Infrastructure						
Permanent Way	28	3,620,447	3,620,475	29	3,551,600	3,551,629
Other	40,092	1,051,021	1,091,113	42,429	1,044,236	1,086,665
Assets under Construction	48,555	828,272	876,827	41,409	668,635	710,044
	143,641	5,776,102	5,919,743	146,004	5,535,713	5,681,717
Intangibles	18,728	4,058	22,786	22,142	4,263	26,405
Inventories	15,527	-	15,527	14,095	-	14,095
Other	930	-	930	1,454	-	1,454
<b>Total Non-Current Assets</b>	<b>178,826</b>	<b>5,780,160</b>	<b>5,958,986</b>	<b>183,695</b>	<b>5,539,976</b>	<b>5,723,671</b>
<b>Total Assets</b>	<b>242,886</b>	<b>5,811,740</b>	<b>6,054,626</b>	<b>242,426</b>	<b>5,562,752</b>	<b>5,805,178</b>

Below Rail assets include \$70.4 million for telecommunications infrastructure (\$65.6 million in 2021-22).

## (c) Statement of Investments

The following table shows the allocated and attributed or identified Below Rail investments:

	YEAR ENDED 30 JUNE 2023			YEAR ENDED 30 JUNE 2022		
	Allocated Below Rail Wide \$000's	Identified / Attributed To Regions \$000's	Total Below Rail \$000's	Allocated Below Rail Wide \$000's	Identified / Attributed To Regions \$000's	Total Below Rail \$000's
<b>Expenditure on fixed assets</b>	<b>12,820</b>	<b>450,944</b>	<b>463,764</b>	<b>13,143</b>	<b>430,609</b>	<b>443,752</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont.)****10. Maintenance Costing Methodology**

Queensland Rail uses a standard costing methodology in its job costing system to determine the cost of infrastructure maintenance and derailment/collision/flood repairs. This costing system:

- (a) Identifies the type of maintenance activity and its location;
- (b) Calculates a direct job cost from the sum of:
  - i. Actual direct labour hours multiplied by the applicable standard labour rate;
  - ii. Actual direct plant hours multiplied by the applicable standard plant rate for Queensland Rail plant;
  - iii. Actual cost of materials or external services (e.g. plant hire) used; and
- (c) Applies an overhead to the job cost being the sum of direct actual labour hours multiplied by an applicable standard overhead rate.

Direct costing variances, being the difference between the direct job costs calculated as in (b) above and the actual direct costs incurred, are applied to infrastructure maintenance reported in the Statement of Earnings before Interest and Tax. Overhead costing variances, being the difference between the overhead applied to job costs calculated as in (c) above and the actual overhead costs incurred, are reported as infrastructure maintenance or corporate overhead in the Statement of Earnings before Interest and Tax, depending on the source of the variance.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont.)

## 11. Other Relevant Matters

## (a) Attribution of Coal Access Charges

Access charges for coal traffic relate mostly to coal trains that originate from mines in the West Moreton Region for unloading at the Port of Brisbane. These hauls are on rail corridors in both the West Moreton Region and the Metropolitan Region, which is reported in Rest of Below Rail.

Revenue for coal access charges may include a number of pricing components which have been attributed to regions as follows:

1. AT1 component is applied as a rate per thousand gross tonne kilometres (GTK) and is directly identified with the GTK recorded for specific corridors.
2. AT2 component (if applicable) is a fixed amount per Reference Train Service and has been attributed to rail corridors based on the GTK recorded.
3. Other component typically relates to payments and rebates for specific infrastructure which are identified to regions based on the value of related infrastructure in the region and the levy for QCA fees and payments arising from contract take or pay provisions which are attributed to corridors in line with the AT1 component.

The following table shows the breakdown by pricing component of the coal access charge revenue:

Price Components	YEAR ENDED 30 JUNE 2023					YEAR ENDED 30 JUNE 2022				
	West	Mount	North	Rest of	Total	West	Mount	North	Rest of	Total
	Moreton	Isa	Coast	Below Rail		Moreton	Isa	Coast	Below Rail	
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
1. AT1	13,929	-	-	2,981	16,910	14,667	-	-	3,595	18,262
2. AT2	13,943	-	-	2,878	16,821	16,811	-	-	3,466	20,277
3. Other	3,899	-	-	1,611	5,510	4,001	-	-	1,653	5,654
<b>Total</b>	<b>31,771</b>	<b>-</b>	<b>-</b>	<b>7,470</b>	<b>39,241</b>	<b>35,479</b>	<b>-</b>	<b>-</b>	<b>8,714</b>	<b>44,193</b>

While Cameby Downs volumes were marginally up, New Acland Stage 2 reached the end of its life with the last service operating on 6 July 2022. For the West Moreton Region, AT1 revenue declined 5% while AT2 revenue (train paths) declined by 17%. The smaller decline in AT1 revenue reflects higher Cameby Downs volumes with longer haul distances partially offsetting the reduced New Acland Stage 2 volumes. Revenue for both AT1 and AT2 declined by 17% in Rest of Below Rail as both mines have equal haul lengths in the SEQ System. The Other component (item 3 above) includes \$5.4 million (\$3.8 million for the West Moreton Region) in Access Facilitation Deed revenue and \$0.1 million (\$0.1 million for the West Moreton Region) related to QCA Levy charges.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont.)**

**11. Other Relevant Matters (cont.)**

(b) Depreciation and amortisation

Depreciation and amortisation reported in the Statement of Earnings before Interest and Tax relates only to rail infrastructure held for the provision of Below Rail Services. Other depreciation and amortisation expenses relating to assets held for maintenance or administration activities (e.g. for buildings, plant and equipment and depot facilities) have been reclassified as a working expense of those activities. See Note 12 for further details.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont.)

## 12. Reconciliation to General Purpose Financial Report - Statement of Comprehensive Income vs Statement of Earnings Before Interest and Tax

The Queensland Rail Financial report for the year ended 30 June 2023 relates to the Queensland Rail group (i.e. Queensland Rail, Queensland Rail Limited and On Track Insurance Pty Ltd). The Statement of Earnings before Interest and Tax for the year ended 30 June 2023 prepared pursuant to the *Costing Manual* has been reconciled to the General Purpose Financial Report - Statement of Comprehensive Income for Queensland Rail Limited, and also with the General Purpose Financial Report - Consolidated Statement of Comprehensive Income for the Queensland Rail group as follows:

Year Ended 30 June 2023	General Purpose Statement of Comprehensive Income				Revenue Net Off	Internal Charges	Reclassify Depreciation (1)	Queensland Rail Costing Accounts	Above Rail & Other Services	Statement pursuant to Costing Manual
	Queensland Rail Group Consolidated	On Track Insurance Pty Ltd	Inter-Company Eliminations	Queensland Rail Limited						
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Revenue</b>										
Transport Service Contracts revenue	2,082,705	-	-	<b>2,082,705</b>	-	-	-	<b>2,082,705</b>	1,352,840	<b>729,865</b>
Passenger transport revenue	52,895	-	-	<b>52,895</b>	-	-	-	<b>52,895</b>	52,895	-
Below Rail access revenue	182,755	-	-	<b>182,755</b>	-	159,299	-	<b>342,054</b>	233	<b>341,821</b>
Other revenue	114,040	-	-	<b>114,040</b>	(95,166)	11,837	-	<b>30,711</b>	13,763	<b>16,948</b>
Other income	3,369	-	-	<b>3,369</b>	(3,313)	-	-	<b>56</b>	56	-
<b>Total Revenue</b>	<b>2,435,764</b>	-	-	<b>2,435,764</b>	<b>(98,479)</b>	<b>171,136</b>	-	<b>2,508,421</b>	<b>1,419,787</b>	<b>1,088,634</b>
<b>Operating Expenses</b>										
Working expenses	1,697,792	-	-	<b>1,697,792</b>	(98,479)	11,837	68,895	<b>1,680,045</b>	1,025,586	<b>654,459</b>
Internal Access charges	-	-	-	-	-	159,299	-	<b>159,299</b>	159,299	-
Depreciation & amortisation	401,619	-	-	<b>401,619</b>	-	-	(68,895)	<b>332,724</b>	156,553	<b>176,171</b>
<b>Total Operating Expenses</b>	<b>2,099,411</b>	-	-	<b>2,099,411</b>	<b>(98,479)</b>	<b>171,136</b>	-	<b>2,172,068</b>	<b>1,341,438</b>	<b>830,630</b>
<b>Earnings before Interest &amp; Tax</b>	<b>336,353</b>	-	-	<b>336,353</b>	-	-	-	<b>336,353</b>	<b>78,349</b>	<b>258,004</b>
Finance costs	120,467	-	-	<b>120,467</b>						
Income tax expense	66,093	-	-	<b>66,093</b>						
Dividend Receivable I/C	-	-	-	-						
<b>Profit for the Year</b>	<b>149,793</b>	-	-	<b>149,793</b>						

(1) Depreciation reclassified as a working expense within these Statements typically relates to buildings, plant and equipment and depot facilities used for providing internal corporate or maintenance services. Telecommunications Backbone depreciation is assessed out and included in working expenses.

## Glossary

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

**Access** means the non-exclusive utilisation of a specified section of rail infrastructure for the purposes of operating Train Services.

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

**Queensland Rail Access Undertaking 2** refers to the *access undertaking* approved in accordance with the *Queensland Competition Authority Act 1997* on 1 July 2020 for Queensland Rail Limited.

**Allocated Items** means a category of assets, costs, revenues and investments that is used in the general costing approach described in the Costing Principles section of the Manual. The three categories used are as follows:

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

**Below Rail Services** means the activities associated with the provision and management of rail infrastructure, including the construction, maintenance and renewal of rail infrastructure assets, and the Below Rail management services required for the safe operation of Train Services on the rail infrastructure, including Train Control Services and the implementation of safe working procedures. However, for the purposes of these Financial Statements Below Rail Services does not include passenger stations and their associated facilities.

**Costing Manual** means a manual prepared by Queensland Rail Limited and approved by the Queensland Competition Authority from time to time that identifies the following matters:

- (a) for Financial Statements prepared under Clause 5.3.1 of the *Queensland Rail Access Undertaking 2*:
  - i. the process for identifying, from Queensland Rail Limited's audited general purpose financial statements, the cost base for Below Rail Services, separate from other services provided by Queensland Rail Limited to which those Financial Statements relate; and
  - ii. within the cost base for Below Rail Services, the process for identifying the costs of Below Rail Services provided by Queensland Rail Limited separate from the costs of Below Rail Services provided by Operational Business Groups (i.e. the management of stations and platforms);
- (b) within the cost base for Below Rail Services, the process for identifying costs attributable to the specified corridors (corridor costs), costs not attributable to specified corridors but attributable to specified geographic regions (regional costs), and costs not attributable to specified corridors or any specified geographic region (Below Rail costs); and
- (c) the format of Financial Statements.

**Financial Statements** means the Statement of Assets, Statement of Earnings before Interest and Tax and Statement of Investments, for Below Rail Services managed by Queensland Rail, as required in accordance with the *Queensland Rail Access Undertaking 2*.



**Glossary (Cont.)**

**Mount Isa** refers to the region defined in Note 5 of these statements or Schedule A of the *Costing Manual*.

**North Coast** refers to the region defined in Note 6 of these statements or Schedule A of the *Costing Manual*.

**Queensland Rail** [ABN 68 598 268 528] is an unincorporated statutory body owned by the Queensland State Government. Queensland Rail changed its name from the Queensland Rail Transit Authority on 2 June 2013 in accordance with the *Queensland Rail Transit Authority Act 2013*.

**Queensland Rail Limited** [ABN 71 132 181 090] is a company responsible for delivery of passenger and non-coal Below Rail services in Queensland. Queensland Rail Limited became a wholly owned subsidiary of the Queensland Rail Transit Authority on 3 May 2013.

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

**QCA** means the Queensland Competition Authority as established by the *Queensland Competition Authority Act 1997 (Qld)*.

**Operator Business Group** means business groups within Queensland Rail that are separate from Below Rail and that undertake the operation of Train Services for transporting passengers for reward.

**Other Infrastructure** means all other classes of infrastructure excluding Permanent Way. This includes signals and train control systems excluding software, electric overhead distribution structures and power systems, telecommunication structures and equipment, footbridges, car parks, access roads and surveillance equipment.

**Rail Infrastructure** means Rail Transport Infrastructure, except that the term does not include track and associated infrastructure on those parts of Below Rail not identified as the responsibility of Queensland Rail Limited in the *Queensland Rail Access Undertaking 2*.

**Rail Transport Infrastructure** means rail transport infrastructure as defined in the *Transport Infrastructure Act 1994 (Qld)* for which Queensland Rail is the Railway Manager.

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

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

**Reference Tariff** is an Access Charge applicable for a specified Reference Train Service, set out in Schedule D of the *Queensland Rail Access Undertaking 2*, or established by Queensland Rail and authorised by the QCA, the purpose of which is to provide information to Access Seekers as to the likely level of Access Charge for Train Service of similar type as the specified Reference Train Service (as amended, varied or escalated in accordance with the *Queensland Rail Access Undertaking* from time to time).

**Reference Train Service** means a notional Train Service identified in respect to a Reference Tariff and conforming to certain criteria, including specified technical characteristics, operational characteristics and contract terms and conditions.

**Relinquishment Fee** means the amount payable by the Access Holder should it cease to operate contracted train services.

**Glossary (Cont.)**

**Standard Allocators** are used in certain circumstances to allocate items which are not identifiable or attributable to a Queensland Rail Service. These Standard Allocators are specified in Schedule C of the approved *Costing Manual* together with a reference to the relevant clauses within the manual.

**Take or Pay Charge** means a charge or other amount payable by an Access Holder to Queensland Rail under an Access Agreement in relation to the Access Holder not fully using its Access Rights for a specified period.

**West Moreton** refers to the region defined in Note 4 of these statements or Schedule A of the *Costing Manual*.

**Certificate of Queensland Rail Limited**

I certify that the foregoing financial statements and notes to and forming part thereof for the year ending 30 June 2023 have been prepared pursuant to Clause 5.3.1 of *Queensland Rail's Access Undertaking 2*, and the provisions of the *Costing Manual*.



Kat Stapleton  
Chief Executive Officer  
Queensland Rail

12 December 2023

## INDEPENDENT AUDITOR'S REPORT

To the Board of Queensland Rail Limited

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of Below Rail Services provided by Queensland Rail Limited.

In my opinion, the financial report:

- a) gives a true and fair view of the financial position as at 30 June 2023 and its financial performance for the year then ended
- b) complies with *Queensland Rail's Access Undertaking 2* and the financial reporting framework described in Note 1

The financial report comprises the statement of assets as at 30 June 2023, the statement of earnings before interest and tax, and the statement of investments for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the certificate of Queensland Rail Limited.

#### 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 Queensland Rail Limited in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matter – basis of preparation

I draw attention to Note 1 to the financial report, which describes the basis of preparation. The financial report has been prepared for the purpose of fulfilling the financial reporting responsibilities of the Chief Executive Officer in accordance with *Queensland Rail's Access Undertaking 2*. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

## **Responsibilities of Queensland Rail Limited for the financial report**

The Chief Executive Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with *Queensland Rail's Access Undertaking 2* and the financial reporting framework described in Note 1, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In fulfilling this responsibility, the Chief Executive Officer determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of *Queensland Rail's Access Undertaking 2*.

## **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 but is 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.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Queensland Rail Limited's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Queensland Rail Limited.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Chief Executive Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Vaughan Stemmett  
as delegate of the Auditor-General

13 December 2023

Queensland Audit Office  
Brisbane