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**BY ELECTRONIC LODGEMENT**

7 December 2018

**QCA Publishes UT5 Final Decision**

Please find attached announcement which was released to the Australian Stock Exchange market today.

Kind regards

**Dominic D Smith**  
Company Secretary

# ASX Announcement

**Date:** 7 December 2018

## QCA publishes UT5 Final Decision

Late yesterday afternoon the Queensland Competition Authority (QCA) published its Final Decision on Aurizon Network's Draft Access Undertaking for the regulatory period 1 July 2017 to 30 June 2021 (UT5).

Aurizon Network will review the detail of the decision and respond accordingly through the process outlined in QCA legislation (*Queensland Competition Authority Act 1997*).

Under the process, Aurizon Network has 60 days to respond and all available options will be considered. As indicated in our ASX statement on 3 December 2018 Aurizon remains committed to working with industry on an outcome. Discussions are ongoing but no agreement has been reached.

On 15 November 2018 the QCA approved the extension of the current UT4 Access Undertaking until the earlier of 30 June 2019 or the date when a replacement undertaking takes effect.

The table summarises the key building blocks for the Maximum Allowable Revenue in the QCA Final Decision, which applies a Weighted Average Cost of Capital of 5.7%. A comparison is made between these values, Aurizon Network's initial submission, the QCA Draft Decision and Aurizon Network's response to the QCA Draft Decision.

*Table 1: Building Block – QCA Final Decision compared to Aurizon Network's initial submission, QCA Draft Decision and Aurizon Network's response to QCA Draft Decision*

| Building Blocks               | Aurizon Network<br>(AN) November<br>2016 submission | QCA<br>Draft Decision | AN Response to<br>Draft Decision<br>March 2018 | QCA<br>Final Decision |
|-------------------------------|-----------------------------------------------------|-----------------------|------------------------------------------------|-----------------------|
| Return on Capital (WACC)      | 1,592                                               | 1,289                 | 1,677                                          | 1,381                 |
| Depreciation (less Inflation) | 1,141                                               | 899                   | 936                                            | 1,034                 |
| Maintenance Cost              | 921                                                 | 817                   | 928                                            | 739                   |
| Operating Cost                | 855                                                 | 743                   | 867                                            | 795                   |
| Tax                           | 328                                                 | 141                   | 300                                            | 170                   |
| <b>Total MAR</b>              | <b>4,838</b>                                        | <b>3,888</b>          | <b>4,708</b>                                   | <b>4,120</b>          |
| Capital Carryover             | 54                                                  | 5                     | 49                                             | 3                     |
| <b>Total adjusted MAR</b>     | <b>4,892</b>                                        | <b>3,893</b>          | <b>4,757</b>                                   | <b>4,123</b>          |
| <b>Tariff (\$/net tonne)</b>  | <b>\$5.36</b>                                       | <b>\$3.86</b>         | <b>\$4.90</b>                                  | <b>\$4.23</b>         |

Note: Numbers may not add due to rounding.

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