SUFA RENT MODEL - MONTHLY

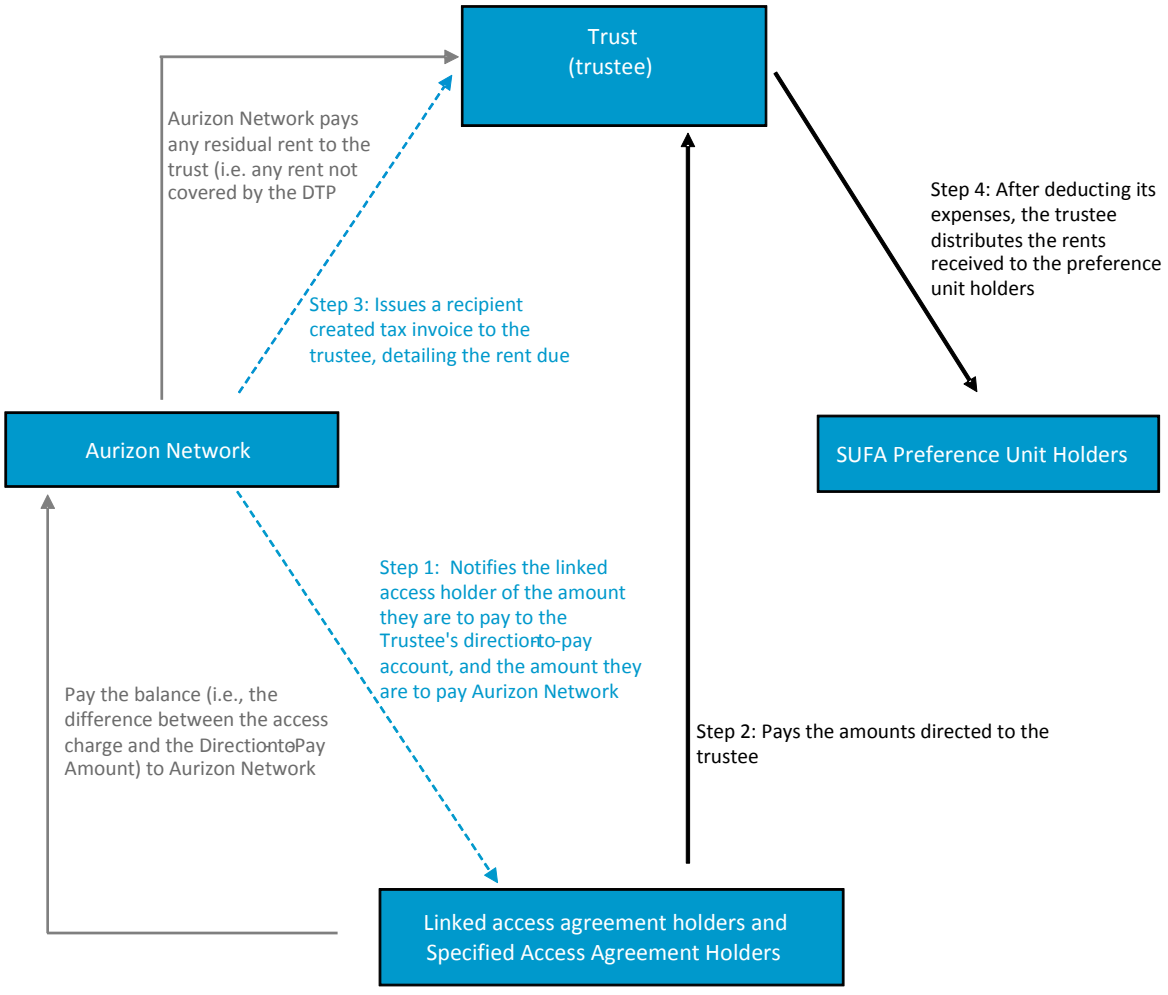
This workbook is designed to illustrate the monthly rent-related cash flows, for a SUFA transaction over a period of one year. It relates the cash flows to the relevant terms and clauses in the Extension Infrastructure Sub-lease (EISL), one of the template SUFA agreements proposed as part of the 2013 SUFA DAAU.

This workbook starts with a baseline scenario where invoices are correctly prepared and issued and all access holders pay in accordance with their invoices. From this point nine separate scenarios have been constructed to illustrate how the monthly cash flows may alter due to access charges not being paid in accordance with invoices or Aurizon Network not providing a direction to pay. The adjustment processes adopted to address these circumstances are also illustrated.

1.1 Flow of funds

Aurizon Network pays rent to the Trustee for sub-leasing the SUFA funded extension infrastructure. There are a number of steps involved in the payment of rent to the Trustee as illustrated in Figure 1. This workbook is concerned with Steps 1 and 2 of Figure 1.

Figure 1: Rental cash flows



Step 1 - Aurizon Network to the linked [1] access agreement holders

Each month, Aurizon Network sends invoices to all access holders regarding the access charges owed to Aurizon Network in respect of the previous month.

Each of the access holders of Extension Access Agreements (access agreements that were entered into to provide access to the capacity created by the SUFA extension infrastructure) are required to pay a proportion of their access charges to the Trustee, as directed by Aurizon Network. The proportion payable by an access holder of an Extension Access Agreement is the Direction to Pay Amount for that access holder.[2]

If the aggregate of all the Direction to Pay Amounts of all holders of Extension Access Agreements does not cover the Expected Rent payable to the Trustee, then Aurizon Network must issue direction to pay instructions to holders of a Specified Access Agreement (if any). The aggregate amount directed to be paid to the Trustee by such Specified Access Agreement holders will be the lesser of:

- the Expected Rent less the aggregate of the Direction to Pay Amounts directed to be paid by access holders of Extension Access Agreements; and
- 100 percent of the access charges to be paid under the Specified Access Agreements.

The proportion payable by an access holder of a Specified Access Agreement to the Trustee is the Direction to Pay Amount for that access holder.

For the purposes of this workbook, access holders with either an Extension or Specified Access Agreement comprise Linked Access Agreement holders. They can be directed to pay a proportion of all of their access charges as Direction to Pay Amounts into the SUFA Trustee's Direction to Pay account.

In any month, the Direction to Pay Amount for a Linked Access Agreement holder will detail the proportion of access charges to be paid to:

- the Trustee through the direction to pay account[3]
- Aurizon Network.

The following provides a simple example of how the Direction to Pay works in the case where there are two Linked Access Agreement holders.

The Distribution Pool is $4m and the Applicable Interest of the SUFA extension infrastructure is 5%. Therefore the Expected Rent is $200,000. Aurizon Network has invoiced one of the Linked Access Agreement holders for an access charge of $400,000, with the remaining Linked Access Agreement holders being invoiced for $200,000 of access charges. The Expected Rent represents a third of the total invoiced access charges of the Linked Access Agreement holders.

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[1] We consider linked access agreement holders to be both the Extension Access Agreement holders (SUFA participant) and Specified Access Agreement holders. Both types of holders' access agreements will contain a direction to pay provision.

[2] It is schedule 3 in Draft Decision version.

[3] If no direction to pay is provided, then the Extension Access Agreement holder will be taken to have been given a direction to pay for 100 percent of access charges for the month and must pay all of its access charges for that month to the Trustee (EISL, QCA version from the Draft Decision).

Given this, the Direction to Pay amount for each Linked Access Agreement holder is a third of their invoiced access charges, which covers the Expected Rent ($400,000/3 + $200,000/3 = $200,000).

In the examples in the workbook it is assumed that there is only one Linked Access Agreement holder. The reason for this is to make the scenarios easier to follow.

Step 2 - Payment to the Trustee

As can be seen from the above, each Direction to Pay Amount is determined once the Expected Rent is calculated. The Expected Rent is based on invoiced amounts, rather than actual amounts paid by access holders.

The amounts of access charges and Direction to Pay Amounts actually paid can differ from those invoiced or directed. Given this, the rental payment process includes a number of adjustment mechanisms to account for discrepancies that may occur. These mechanisms account for the over or under- recoveries/payments of rent streams associated with differences between:

- the invoiced access charges and the amounts actually paid in respect of them
- the Direction to Pay Amounts and the amounts actually paid.

Step 3 - Aurizon Network to the Trustee

Aurizon Network sends a monthly recipient created tax invoice (RCTI) to the Trustee that specifies the rent the Trustee should expect to receive in respect of the previous month. If no adjustments (being Rent Shortfall Adjustment Amounts and Late Payment Adjustment Amounts) apply then:

Expected Rent = Distribution pool × Proportion of distribution pool applicable to the SUFA trust

The concept of the distribution pool and its relationship to the EISL is discussed in the section on the MAR (or annual) model and its associated notes explaining how a SUFA rental stream relates to the calculation of Maximum Allowable Revenue, Reference Tariffs and any adjustments thereof.

In the examples discussed below, the key point regarding the calculation of rent is that the distribution pool captures all of the capital components of all the access charges invoiced by Aurizon Network for the relevant system.[4] The distribution pool does not include the maintenance expenditure, operating cost or any *o*perational and performance risk allowance (OPRA) components of the relevant access charges.

The SUFA rental component (or Trustee's share) of the distribution pool depends on its Applicable Interest. Throughout the examples adopted in this workbook this is assumed to be 5%. Further, the distribution pool and Applicable Interest are assumed to relate to diesel assets.[5]

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[4] This is based on the assumption that the SUFA funded extension infrastructure is 'socialised' into the relevant system.

[5] Users of the rail infrastructure or network pay access charges for use of the rail network. Depending on the type of rail network, users may pay electric tariffs (for electric trains) or non-electric diesel tariffs (for non-electric trains).

Step 4 - Trustee to SUFA funders

On the last day of each month, the Trustee distributes the rent (less its expenses) received during that month to the Preference Unit Holders.

Purpose of the model

The workbook provides simple examples to illustrate the month-to-month rental cash flows as a result of these differences, how the adjustment mechanisms operate and how this translates to the terms and conditions in the EISL.

In order to capture the impact of this, the workbook starts with a baseline where there are no discrepancies between invoiced and actual amounts paid in each month over the year. Thereafter nine scenarios associated with over and underpayment of access charges and Direction to Pay Amounts are reviewed with respect to the adjustment mechanisms. The scenarios comprise the following:

Scenario	Description
	Relative to the baseline:
Scenario 1	A Direction to Pay Amount overpayment in a given month, everything else unchanged
Scenario 2	A Direction to Pay Amount underpayment in a given month, everything else unchanged
Scenario 3	A Direction to Pay Amount underpayment in a given month that is partially paid two months later, everything else unchanged
Scenario 4	A Direction to Pay Amount underpayment in a given month that is partially paid five months later
Scenario 5	A consolidation of scenario 1 and 4, everything else unchanged
Scenario 6	A non-Direction to Pay non-payment in a given month, everything else unchanged
Scenario 7	A non-Direction to Pay late payment in a given month, everything else unchanged
Scenario 8	A combination of scenarios 5 and 6
Scenario 9	A Direction to Pay is not issued

1.2 Workbook outline

The first worksheet in the workbook (entitled Scenarios) contains a high-level summary of the workbook. There is a summary of each of the scenarios, and a comparison of the total rent received for each scenario versus the baseline rent received.

Each of the worksheets in the workbook is an exact copy of the Baseline Rent Cashflow sheet, with changes to key variables in each of the different scenarios.

The spreadsheet is grouped into the following sections:

- Exogenous variables (including the AID and Distribution Pool) (rows 3—7)
- Invoicing to Extension Access Agreement Holders (rows 10—14)
- Calculation of the Overpayment Amount (rows 16—19)
- Payments received by Trustee (rows 23—29)
- Rent Adjustments (rows 32—33)
- Invoice to Trustee (rows 36—38)

1.2.1 Calculation of the direction to pay

The following table outlines and discusses the required inputs and calculations for determining the amount of the direction to pay and the rent to be paid to the Trust.

Row number and title	***Description***	***Where found in EISL***
Distribution Pool (row 3) *This is given as an exogenous (fixed) number in the model for ease of use.*	For a non-electric system the distribution pool includes access charges revenues received under the AT_2, AT_3 and AT_4 tariffs, less any adjustments from prior months and less non-electric operating costs for the month, less OPRA. If electric is included, the distribution pool includes revenues received under the AT_5 tariff, less any adjustments from previous months and less any electric operating costs for the month, less OPRA.	Schedule 3, definitions - includes both a non-electric (AT_{2-4}) and electric (AT_5) distribution pool[6].
Non-DTP Non-payment (row 4) *This value is one of the variables which is changed in a number of the scenarios.*	Access holders paying access charges under access agreements that do not have a direction to pay provision are considered 'non-DTP' access holders. If those non-DTP access holders do not pay their respective access charges, it is accordingly termed as Non-DTP non-payment.	Not a term in the EISL
Final Distribution Pool (row 5) *This row is simply a calculation to net out non- or late payments from non-DTP holders.*	This reflects the distribution pool amount net any adjustments due to non-payments or late payments from the non-DTP access holders.	Not a term in the EISL
Applicable Interest Diesel (row 6) *As the model is a hypothetical example, the AID has been included as a fixed, exogenous variable.*	Is a proportion of the capital components of the system allowable revenue (under the AT_{2-4} tariffs) attributable to the extension, versus the revenue attributable to the whole system (under the AT_{2-4})	Schedule 3, definitions
Applicable Interest Electric *For simplicity, the model is diesel only. This allocation is not used as it pertains to electric assets.*	Is a proportion of the capital components of the system allowable revenue (under the AT_5 tariff) attributable to the extension, versus the revenue attributable to the whole system (under the AT_5)	Schedule 3, definitions
Direction to pay (row 7)	This row is included to indicate whether or not Aurizon Network has issued a direction to pay. Of note, if Aurizon Network does not issue a direction to pay, Extension Access Agreement holders must pay all access charges into the Trustee's direction to pay account.	Not in the EISL - used as a toggle in the model.

[6] Aurizon Network, 2013 SUFA DAAU EISL, July 2013

1.2.2 Invoicing to Extension Access Holders

This section of the worksheet calculates the proportion of access charges due from Extension Access Agreement holders payable to Aurizon Network and the proportion payable as direction to pay amounts to the Trustee.

Row number and title	*Description*	*Where found in EISL*
Monthly Access Charges (row 10)	The sum of access charges due to Aurizon Network for the month by the Extension Access Agreement holders.	• Schedule 4[7] • $\sum AC_{EAA}$
Payment due to Aurizon (row 11)	The proportion of the monthly access charges due to be paid to Aurizon Network under the Direction to Pay	Not a defined term in the EISL. It is the residual Extension Access Revenue paid to Aurizon Network.
Expected Rent (row 12)	Is calculated by multiplying the sum of all access charges received for the system (SUFA and non-SUFA) by the AID less rent adjustments for over and underpayments (Rent Shortfall Adjustment Amount and the Late Payment Adjustment) as per the definition of Expected Rent in clause 1 of the EISL.	In clause 1
Set off Amounts (row 13)	Is a mechanism available to Aurizon Network which allows it to deduct an amount owed to it by the Trustee from the rent payable.	Clause 7.6

1.2.3 Calculation of the Overpayment Amount

An overpayment occurs if the aggregate of the Direction to Pay Amounts paid is greater than the Rent to be paid to the Trust.

Row number and title	*Description*	*Where found in EISL*
Overpayment Amount (row 19)	For a month occurs when there has been a Non-DTP non-payment or payments for that month, therefore the Expected Rent does not reflect the new or final distribution pool, but instead a larger distribution pool (i.e. the distribution pool unadjusted for the non-payment). As a result, the Expected Rent is higher than it should be, resulting in an Overpayment Amount.	OA = DTP Amount + ERA - Rent Schedule 4[8]
DTP Amount (row 16)		Schedule 4, Clause 2 DTP Amount = DTP Final + Overpayment (previous month)

[7] Aurizon Network, 2013 SUFA DAAU EISL, July 2013
[8] Aurizon Network, 2013 SUFA DAAU EISL, July 2013

Row number and title	*Description*	*Where found in EISL*
		+ Additional amount above DTP (previous month)[9]
Expected Rent Adjustments (row 17)	Deducts the Rent Shortfall Adjustment Amount for a month from the Late Payment Adjustment Amount for that month (arising from previous months' over or under payments).	Schedule 4, Clause 2 Expected Rent Adjustments = Late Payment Adjustment Amount – Rent Shortfall Adjustment Amount (discussed in following sections)
Rent (Row 18)	Rent is calculated based on either the: • distribution pool plus any Non-DTP non-payments from the previous month • final distribution pool (accounting for any Non-DTP non-payment) for the current month	Schedule 4, Clause 2 Rent is the distribution pool (calculated on the basis of what has been paid versus Expected Rent which is calculated on what has been invoiced) multiplied by the AID.

1.2.4 Payments received by the Trustee

Rows 23-29 are used to calculate and highlight the amount of direction to pay (rent) received by the Trust, plus any over or underpayment.

Row number and title	*Description*	*Where found in EISL*
Payment received by AN (row 21)	The actual payment received by Aurizon Network. If the amounts in row 11 and row 21 differ, this will result in an over or underpayment.	Not in the EISL
DTP Received (row 23)	Aggregate of Direction to Pay Amounts of rent received by the Trustee	Not in the EISL
Total payment received by the Trust and AN (row 24) (Total Payment)	Aggregate of the DTP Received and the Payment Received by Aurizon Network.	Not in the EISL
(Shortfall)/Overpayment total (row 25)	If the Total Payment received by the Trustee and Aurizon Network is different to the Monthly Access Charges for that month, this row calculates the amount of the over, or underpayment.	Not in the EISL
DTP underpayment (row 26)	If the DTP Received is less than the DTP Amount, the underpayment amount will be found in this row.	Not in the EISL
Payment of more DTP than directed (row 27)	If the DTP Received is more than the DTP Amount, the overpayment amount will be found in this row.	Not in the EISL
Additional amount above DTP	If the DTP Received by the Trustee is more than the DTP Amount, but the	Not in the EISL

[9] In certain circumstances, clause 7.6 provides for a set off arrangement. When this occurs the amount directed to be paid is also reduced by the set off amount. Therefore to arrive at the DTP Amount which would have applied but for any set off, it is necessary to add back in any set off amounts. See how this works in scenario 8 (cells J16, H19 and I28)

Row number and title	*Description*	*Where found in EISL*
(row 28)	total payment equals the Monthly Access Charges for that month, the Additional amount above the DTP is displayed here. This occurs in the case of the access holder paying all their access charges to the Trustee and Aurizon Network not receiving its proportion.	
DTP re-payment of previous underpay (row 29)	This late to the Trustee which is socialised where there has been a previous Rent Shortfall Adjustment and is used to reduce any Rent Shortfall Adjustment where it occurs prior to that amount being determined.	Not in the EISL

1.2.5 Rent Adjustments: Rent Shortfall Adjustment Amount (RSAA) and Rent Reduction Amount (RRA), Clause 8.7

If an Extension Access Agreement holder (or a Specified Access Agreement holder) does not pay all or part of its Direction to Pay Amount, and that shortfall is not recovered within three months, it is classified as system-wide shortfall and is socialised across all funders (not just the SUFA preference unit holders).[10]

At three months, Aurizon Network will calculate the RSAA to determine the amount of rent to be recovered by the Trustee.

Row number and title	*Description*	*Where found in EISL*
Rent Shortfall Adjustment Amount (row 32)	Calculation of the recovery of the Trust's proportion of the non-payment of a Direction to Pay Amount. The RSAA amount is the cash shortfall experienced by the Trustee and is a positive component of the Expected Rent to increasing the rent due to be paid to the Trustee in that month.	Clause 8.7 RSAA = R_i – (R_0 – S), where: R_i = rent for the relevant month adjusted for the non-payment of rent R_0 = rent invoiced for the relevant month S = the shortfall (aggregate of Direction to Pay amounts not paid)
Rent Reduction Amount (row 36)	Calculation of the Trust's proportion of the socialised bad debt This is the amount that the RCTI for the month to which the bad debt relates was overstated. This amount is reduced off the invoice for the month in which that bad debt is socialised.	Clause 8.7 RRA = S – RSAA = Adjustments – RSAA, where: S = the shortfall RSAA = Rent Shortfall Adjustment Amount

[10] EISL (cl. 8.7)

1.2.6 Rent Adjustments: Late Payment Adjustment Amount (LPAA) and Rent Increase Amount (RIA) (Clause 8.8)

If an Extension Access Agreement holder (or Specified Access Agreement holder) pays late (which resulted in a shortfall in the DTP Received in a previous month), after the cost of the shortfall has been socialised, Aurizon Network will calculate the LPAA and the RIA.

Row number and title	***Description***	***Where found in EISL***
Late Payment Adjustment Amount (row 33)	Where there has been a late payment (and the bad debt has already been reconciled via the Rent Shortfall Adjustment amount), this row will show the cash surplus experienced by the Trustee and is deducted from the Expected Rent (and so decreasing the amount paid to the Trustee in the following month).	Clause 8.8 Late Payment Adjustment Amount = LPA/S x RSAA
Rent Increase Amount (row 37)	Where there is late payment, the current RCTI will be understated. Aurizon Network will calculate the RIA to determine the required increase for the following month's RCTI. In effect, the RIA returns all (or some, if the late payment does not cover all of the DTP Amount not paid) of the Rent Reduction Amount previously reduced off invoices.	Clause 8.8 Rent Increase Amount = LPA/S x RRA, where: LPA = late payment amount S = shortfall RRA = Rent Reduction Amount

1.2.7 Invoice to Trustee

Aurizon Network notifies the Trustee of Expected Rent for the month.

Row number and title	***Description***	***Where found in EISL***
Invoice Balance (row 38)	Reflects the Expected Rent the Trustee is calculated to receive, net of adjustments.	Not in the EISL Invoice Balance = Rent = (Distribution pool x AID) - RRA + RIA

	Baseline There are no adjustments to the rent due to the Trustee in the baseline.
1.	Months 1 - 12 *All access holders pay full invoiced amount of access charges for the relevant month.* *No requirement to set-off under- or over-payments from previous months.* *No requirement to increase or decrease rent amount for under- over- or late payments from previous months.* *Payments received by the SUFA Trust = Expected Rent = Rent = To be paid to the Trust in the DTP (Row 11 = Row 13 = Row 17= Row 22).*

	Scenario 1: additional amount above DTP The DTP Received exceeds the Direction to Pay Amount in month 3. This could occur if, for example, an access holder erroneously pays all of its access charges to the Trustee. This could also happen if Aurizon Network fails to give an Extension Access Agreement holder a direction to pay (see Scenario 9).
1.	Month 3 *Monthly access charges = $250,000 (H10)* *Expected Rent = To be paid to the Trust in the DTP = $212,500 (H12, H14)* *DTP Received = $250,000 (I23)* *Payment of more DTP than directed = $37,500 (I27)* *Additional amount above DTP = $37,500 (I28)* The Trustee received $37,500 more than expected and Aurizon Network received no payment for the month.
2.	Month 4 This additional payment to the Trustee is set-off in month 4, via the set-off mechanism[11]. Under the set-off mechanism, Aurizon Network reduces the amount it directs the Extension Access Agreement holders to pay into the Trustee's direction to pay account. The invoices sent to the Extension Access Agreement holders in month 4 will be net of the $37,500 amount (J12, J13): *Expected Rent – Set off Amounts = To be paid to the Trust in the DTP* *$205,000 - $37,500 = $167,500* The amount received by Aurizon Network in month 4 will be increased by $37,500 – the amount it was due to be paid in month 3.
3.	The DTP Received over the year under this scenario will be the same the baseline, as the 'misallocation' of rent to the Trustee (rather than Aurizon Network) in one month is adjusted in the following month.

[11] Clause 7.6 of the EISL

	## Scenario 2: Rent shortfall There is a shortfall in the rent paid to the Trustee in the first month (the DTP Received is less than the DTP Amount). This could occur if, for example, an Extension Access Agreement holder (or a Specified Access Agreement holder) does not pay its Direction to Pay Amount to the Trustee.
1.	Month 1 *Monthly Access Charges = $320,000 (D10)* *To be paid to the Trust in the DTP = $200,000 (D14)* *DTP Received = $180,000 (E23)* *DTP under-payment = - $20,000 (E26)*
2.	Month 4: The Rent Shortfall Amount is not recovered within three months. In the third month after the shortfall, Aurizon Network calculates the RSAA and RRA: *RSAA = R_i-(R_0-S) where:* *Ri = 5% * ($4,000,000 – $20,000) = $199,000* *$R_0$ = 5% * $4,000,000 = $200,000* *S = $20,000* *RSAA = $199,000 – ($200,000 – $20,000)* *RSAA = $19,000 (J32)* *RRA = S - RSAA = DTP under-payment – RSAA* *RRA = $20,000 –$19,000* *RRA = $1,000 (J36)*
3.	The Trustee recovers $19,000 of the shortfall and the relevant RCTI is reduced by $1000. Rent received by the Trustee is $1,000 less than that under the baseline scenario. This is due to socialisation of the non-payment of rent.

	## Scenario 3: shortfall and partial repayment There is a $20,000 shortfall in the direction to pay (to the Trustee) in month 1. A late (and partial) repayment of $10,000 is made in month 3.
1.	Month 1 *Monthly Access Charges = $320,000 (D10)* *To be paid to the Trust in the DTP = $200,000 (D14)* *DTP Received = $180,000 (E23)* *DTP under-payment = - $20,000 (E26)*
2.	Month 3 There is a partial repayment of $10,000 in month 3 to cover the shortfall of month 1 (I29). This is reflected in the difference between DTP Received by the Trustee $222,500 (I23) and the To be paid to the Trust in the DTP of $212,500 (H14). The outstanding rent shortfall is $10,000.
3.	Month 4: The RSAA and RRA are calculated (as in Scenario 2), taking into account the partial repayment from month 3. *RSAA = R_i-(R_0-S), where:* *R_i = 5% * ($4,000,000 – $20,000 + $10,000) = $199,500* *$R_0$ = 5% * $4,000,000 = $200,000* *S = $10,000* *RSAA = $199,500 – ($200,000 – $10,000)* *RSAA = $9,500 (J32)* *RRA = S – RSAA, where:* *RRA = $10,000 – $9,500* *RRA = $500 (J36)*
4.	The Trustee recovers $19,500 of the $20,000 underpayment from month 1. The Trustee received $500 less than that under the baseline scenario. This is due to the socialisation of non-payment of rent.

	## Scenario 4: shortfall, partial repayment after socialisation There is an underpayment in month 1. There is a partial repayment of the shortfall four months after the initial shortfall (after being socialised).
1.	Month 1 Similar to scenarios 2 and 3, there is DTP shortfall of $20,000 (E26).
2.	Month 4: The shortfall is adjusted in month 4, with $19,000 flowing back to the Trustee with a rent reduction of $1,000 due to socialisation. *RSAA = Ri-(R_0-S), where:* *Ri = 5% * ($4,000,000 – $20,000) = $199,000* *$R_0$ = 5% * $4,000,000 = $200,000* *S = $20,000)* *RSAA = $199,000 – ($200,000 – $20,000)* *RSAA = $19,000 (J32)* *RRA = S - RSAA* *RRA = $20,000 – $19,000* *RRA = $1000 (J36)*
3.	Month 6 and month 7: Following the socialisation of the shortfall in month 4, a partial repayment of $10,000 is received in month 6 (O29). This late payment is adjusted in the following month via the LPAA and RIA: Late Payment Adjustment Amount = LPA/S*RSAA, where: *LPA = amount of the late payment* *S = shortfall* *RSAA = rent shortfall adjustment amount* *LPAA = $10,000/$20,000*$19,000 = $9,500 (P33)* *This amount represents Aurizon Network's share of the late payment and is decreased off the Expected Rent in P12.* Given the RCTI was decreased by $1,000 in socialisation costs in month 4, this is partially increased as per the Rent Increase Amount (in line with the partial repayment) in month 7: *Rent Increase Amount = LPA/S x RRA, where:* *LPA = Late Payment amount*

	Scenario 4: shortfall, partial repayment after socialisation There is an underpayment in month 1. There is a partial repayment of the shortfall four months after the initial shortfall (after being socialised).
	S = shortfall *RRA = Rent Reduction Amount* *RIA = $10,000/$20,000 x $1,000* *RIA = $500 (P37)*
4.	The Trustee recovers $19,500 of the shortfall; therefore the rent received by the Trustee is $500 less than under the baseline scenario.

	## Scenario 5: shortfall, over-payment and partial repayment This scenario combines scenarios 1 and 4, including: a $20,000 shortfall to the Trustee in month 1; the Trustee is paid more than invoiced under the direction to pay in month 3; and a partial repayment of the shortfall (from month 1) in month 6 .
1.	Month 1 DTP under-payment of $20,000 in month 1 (E26)
2.	Month 3 The Trustee is paid Aurizon Network's proportion of the Monthly Access Charges totalling $37,500 (I27). Of note, this is not treated as an 'overpayment'; rather, it is treated as a misallocation.
3.	Month 4: In month 4, two adjustments occur: • The misallocation of $37,500 from month 3 is reversed via the set-off mechanism (row 13). The amount of the misallocation is subtracted from the expected rent, resulting in the amount 'To be paid to the Trust in the DTP' being $37,500 lower (J14). • The rent shortfall from month 1 is adjusted via the RSAA and the RRA, thereby increasing the rent to be paid to the Trustee by $19,000. Rent (with no adjustments or set-off) is calculated to be $205,000 (J18). The invoice to the Trustee (including adjustments) is: Rent paid to Trustee = $205,000 + (-$37,500) + $19,000 = $186,500 (J14 and K23).
4.	Month 6 and month 7: There is a partial repayment of $10,000 in month 6 (O29). This repayment is accounted for in month 7, via the LPAA and RIA as the shortfall from month 1 was socialised in month 4. *LPAA = $9,500 (see the calculation from scenario 4)* *RIA = $500 (see the calculation from scenario 4)* For month 7, the rent is calculated as: *Expected Rent = (Distribution Pool x AID) + RSAA – LPAA = $190,500 + 0 - $9,500 = $190,500 (P12)* *Invoice Balance = Rent – RRA + RIA, where:* *Rent = Distribution Pool x AID* *Invoice Balance = $200,000 -0 + $500 = $200,500 (P38)*
5.	DTP Received by the Trustee is $500 less than that under the baseline scenario. This is because of the cost of socialisation of $1,000, with an increase in rent due to partial repayment of $10,000 of that shortfall. The net effect is a shortfall of $500 in DTP Received by the Trustee for the year, relative to what the Trustee would receive under the baseline scenario.

	## Scenario 6: Non-DTP non-payment There is a Non-DTP non-payment in month 3. This could occur if, for example, access holders who are not subject to a direction to pay fail to pay their access charges.
1.	Month 3 There is a Non-DTP non-payment of $250,000 (HI4). A Non-DTP non-payment may occur where access holders outside the SUFA framework (do not have direction to pay provisions in their access agreements) fail to pay all or part of their access charges to Aurizon Network. This results in a lower Final Distribution Pool (HI5). The Expected Rent in month 3 is calculated on the distribution pool value in row 3 — which does not account for non-payment of access charges ($4,250,000 (HI3)). This results in an Overpayment Amount of $12,500 to the Trust, calculated as: *Overpayment Amount = DTP Amount + ERA – Rent (excluding (a) and (b) in the definition)* *Overpayment Amount = $212,500 + 0 - $200,000 = $12,500 (H19)*
2.	Month 4 The Overpayment Amount is recovered from the Trustee via the setoff mechanism (row 13). *To be paid to the Trust in the DTP = Expected Rent + Set off Amounts = $205,000 +(-$12,500) = $192,500 (J14)*
3.	DTP Received for the year is $12,500 less than under the baseline scenario. The payment received by the Trustee in month 3 is based on a pool of access charges Aurizon Network expects to receive for that month. If an access holder does not pay its access charges, the actual pool of access charges is smaller, and as the rental payment to the Trustee is a proportion of that pool of access charges, the rental payment should also be lower. The use of the setoff mechanism in the following month allows for Aurizon Network to reduce the Direction to Pay to the Trustee the following month.

	Scenario 7: Combination of Scenario 6 with a non-DTP late payment There is a Non-DTP non-payment in Month 3. The access charges not paid in month 3 are paid in month 5.
1.	Month 3 There is a Non-DTP non-payment of $250,000 (HI4), which results in an Overpayment Amount of rent to the Trustee totalling $12,500 (H19).
2.	Month 4 The Overpayment Amount is netted off the To be paid to the Trustee in the DTP via the set-off mechanism. This is also described in scenario 6.
3.	Month 5 and month 6 The Non-DTP non-payment in month 3 is paid in month 5. In other words, access holders outside the SUFA framework (who do not have direction to pay provisions in their access agreements), pay overdue access charges from month 3 in month 5 (L4). The $12,500 Overpayment Amount (which was recovered from the Trustee in month 4 via the setoff mechanism) will be paid to the Trustee in month 6 via an adjustment to the Expected Rent. This is done as follows: *Expected Rent = (Distribution Pool - Late repayment) x AID + RSAA – LPAA = ($4,050,000 - (-$250,000)) x 5% + 0 – 0 = $215,000 (N12)*
4.	DTP Received for the year is equal to the baseline scenario. This is due to the non-payment in month 3 being repaid and flowed through to the Trustee.

	## Scenario 8: Combination of scenarios 5, 6 and 7 This scenario includes: a direction to pay underpayment in month 1; a Non-DTP non-payment in month 3; an additional amount of DTP is paid to the Trustee in month 3; and a partial repayment of the underpayment from month 1 in month 6.
1.	Month 1 DTP under-payment = $20,000 (E26)
2.	Month 3 In this month two things happen: • there is a Non-DTP non-payment of $250,000 (HI4), resulting in an Overpayment Amount of $12,500 (same calculation as in scenarios 6 and 7) (H19) • there is an Additional amount over DTP paid to the Trustee, which is $37,500 (I28)). The Overpayment Amount resulting from the non-payment of non-DTP access charges will be set off in month 4. The additional rent received by the Trustee (in excess of the DTP invoice) will also be set off in the following month.
3.	Month 4 In month 4, two adjustments occur: • the overpayment to the Trustee resulting from the Non-DTP non-payment is set-off, as well as the mis-allocated DTP payments to the Trustee: $37,000 + $12,000 = $50,000 (J13) • the $20,000 shortfall from month 1 is socialised across all users, with the Trustee recovering RSAA of $19,000 (J32) and a reduced invoice amount (RRA) of $1,000 (as the cost of socialisation) The 'To be paid to the Trust in the DTP' is: *Expected Rent + set off amounts = $224,000 + (-$50,000) = $174,000 (J14)*
4.	Months 6 and 7 Following socialisation of the DTP under-payment in month 4, there is a partial repayment of $10,000 in month 6 (O29). The Expected Rent is adjusted for the LPAA to arrive at the Final DTP, while the corresponding Invoice Balance is adjusted by the RIA in month 7: *Expected Rent = Distribution Pool x AID + RSAA – LPAA = $4,000,000 x 5% + 0 - $9,500 = $190,500 (P12)* *Invoice Balance = Final Distribution Pool x AID – RRA + RIA = $200,000 – 0 + $500 = $200,500 (P38)*
5.	The net effect, over the year, is the Trustee receives $13,000 less, relative to the baseline, due to the following: • for the shortfall of $20,000, the Trustee bears a loss of $1,000. However, because of the

	Scenario 8: Combination of scenarios 5, 6 and 7 This scenario includes: a direction to pay underpayment in month 1; a Non-DTP non-payment in month 3; an additional amount of DTP is paid to the Trustee in month 3; and a partial repayment of the underpayment from month 1 in month 6.
	late repayment of $10,000, the Trustee now has an increase of $500 in rent. The net effect is $500. • the non-DTP non-payment of $12,500, is not paid in subsequent months.

	Scenario 9: There is a Non-DTP non-payment in month 3. The access charges not paid in month 3 are paid in month 5 (similar to scenario 7). Also included in this scenario is what happens should Aurizon Network fail to give a direction to pay.
1.	Month 3 There is a Non-DTP non-payment of $250,000 (HI4), which results in an Overpayment Amount of rent to the Trustee totalling $12,500 (H19).
2.	Month 4 The Overpayment Amount is netted off the To be paid to the Trustee in the DTP via the set-off mechanism. This is also described in scenario 6.
3.	Month 5 and Month 6 The non-DTP non-payment in month 3 is paid in month 5. In other words, access holders outside the SUFA framework (who do not have direction to pay provisions in their access agreements), pay overdue access charges from month 3 in month 5 (L4). The $12,500 Overpayment Amount (which was recovered from the Trustee in month 4 via the setoff mechanism) will be paid to the Trustee in month 6 via an adjustment to the Expected Rent. This is done as follows: *Expected Rent = (Distribution Pool - Late repayment) x AID + RSAA – LPAA = ($4,050,000 - (-$250,000)) x 5% + 0 – 0 = $215,000 (N12)*
4.	Month 6 Aurizon Network fails to give a direction to pay (NO7). The Trustee receives the full amount of the Monthly Access Charges — N10 is equal to O23. Aurizon Network is not paid its expected portion of the Monthly Access Charges: $115,000 (N19).
5.	Month 7 The non-payment to Aurizon Network in month 6 is recovered in month 7 via the set-off mechanism. The $115,000 shortfall is netted off the rental payment due to the Trustee in Month 7 by reducing the amount of expected rent by the amount of the shortfall: *To be paid to the Trust in the DTP = Expected Rent + set-off = $200,000 + (-$115,000) = $85,000.*
6.	DTP Received for the year is equal to the baseline scenario.