



Australian Government
Anti-Dumping Commission

Exporter Questionnaire Siemens Transformer (Jinan) Co., Ltd

Product: POWER TRANSFORMERS

From: China, Indonesia, Korea, Taiwan, Thailand and Vietnam

Period of Investigation: 1 July 2010 – 30 June 2013

Response due by: **24 September 2013**

Investigation case manager: Chris Vincent

Phone: +61 2 6275 6729

Fax: 1300 882 506

E-mail: Operations1@adcommission.gov.au

Anti-Dumping Commission website: www.adcommission.gov.au

**Return completed
questionnaire to:**

Anti-Dumping Commission
Customs House
5 Constitution Avenue
Canberra ACT 2600

Attention: Director Operations 1

PUBLIC RECORD

8

**SECTION A
COMPANY STRUCTURE AND OPERATIONS**

This section requests information relating to company details and financial reports.

A-1 Identity and communication

Please nominate a person within your company who can be contacted for the purposes of this investigation:

Head Office: C/o Siemens Ltd. Australia Regional Company

Name: *Emily Madder*

Position in the company: *General Counsel*

Address: *885 Mountain Hwy, Bayswater VIC 3153*

Telephone: *03 9721 7552 or 0419 699 039*

Facsimile number: *03 9721 7687*

E-mail address of contact person: *Emily.madder@siemens.com*

Factory: Siemens Transformer (Jinan) Co. Ltd.

*Address: No. 10, Weihua West Road,
Shizhong District,*

Jinan Shandong, P.R. China

Telephone: +86 531 87291551

Facsimile number: +86 531 87291544

E-mail address of contact person: zongyuan.yu@siemens.com

A-2 Representative of the company for the purpose of investigation

If you wish to appoint a representative to assist you in this investigation, provide the following details:

Head Office: C/o Siemens Ltd. Australia Regional Company

Name: *Emily Madder*

Position in the company: *General Counsel*

Address: *885 Mountain Hwy, Bayswater VIC 3153*

Telephone: *03 9721 7552 or 0419 699 039*

Facsimile number: *03 9721 7687*

E-mail address of contact person: *Emily.madder@siemens.com*

Note that in nominating a representative, the Commission will assume that confidential material relating to your company in this investigation may be freely released to, or discussed with, that representative.

PUBLIC RECORD

9

A-3 Company information

1. What is the legal name of your business? What kind of entity is it (eg. company, partnership, sole trader)? Please provide details of any other business names that you use to export and/or sell goods.

*Siemens Transformer (Jinan) Co., Ltd. (“**Siemens Jinan**”)*

Kind of entity: Limited liability company.

2. Who are the owners and/or principal shareholders? Provide details of shareholding percentages for joint owners and/or principal shareholders. (List all shareholders able to cast, or control the casting of, 5% or more of the maximum amount of votes that could be cast at a general meeting of your company).

Owners and/or principal shareholders: Siemens Limited China (90%) and XD Jinan Transformer Group Co., Ltd (10%)

3. If your company is a subsidiary of another company, list the principal shareholders of that company.

Siemens Aktiengesellschaft (Munich, Germany)

4. If your parent company is a subsidiary of another company, list the principal shareholders of that company.

Siemens AG is a listed public company.

5. Provide a diagram showing all associated or affiliated companies and your company's place within that corporate structure.

*See **Confidential Attachment Siemens Jinan A-3.5 Company Chart.***

6. Are any management fees/corporate allocations charged to your company by your parent or related company?

No.

7. Describe the nature of your company's business. Explain whether you are a producer or manufacturer, distributor, trading company, etc.

Siemens Jinan mainly designs and manufactures transformers and related equipment and provides maintenance services and technical consulting services and sells the products.

PUBLIC RECORD

10

8. If your business does not perform all of the following functions in relation to the goods under consideration, then please provide names and addresses of the companies which perform each function:

- produce or manufacture
- sell in the domestic market
- export to Australia, and
- export to countries other than Australia.

Not applicable. Siemens Jinan performs all the above business functions.

9. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.

*See **Confidential Attachment** Siemens Jinan A-3.9 Siemens Jinan Organisation Chart.*

10. Provide a copy of your most recent annual report together with any relevant brochures or pamphlets on your business activities.

Annual Report refers to Consolidated Financial Report.

*See **Confidential Attachment** Siemens Jinan A-4.3 EY Audit 2012*

*See **Attachment** Siemens Jinan A-3.10 Siemens Jinan Brochure.*

A-4 General accounting/administration information

1. Indicate your accounting period.
Siemens global accounting period: 1 October to 30 September
Local Chinese accounting period: 1 January to 31 December
2. Indicate the address where the company's financial records are held.

*Address: No. 10, Weihua West Road,
Shizhong District,
Jinan Shandong, P.R. China*

PUBLIC RECORD

11

3. Please provide the following financial documents for the two most recently completed financial years plus all subsequent monthly, quarterly or half yearly statements:

- chart of accounts;

*See **Confidential Attachment Siemens A-4.3 Chart of Accounts***

- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);

Audited Financial Statements are based on Chinese Local GAAP and accounting period 1 January to 31 December

*See **Confidential Attachment Siemens Jinan A-4.3 EY Audit 2012***

*See **Confidential Attachment Siemens Jinan A-4.3 EY Audit 2011***

- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods under consideration.

These documents should relate to:

- the division or section/s of your business responsible for the production and sale of the goods under consideration, and
- the company.

- *Internal Financial Statements are based on IFRS and accounting period 1 October to 30 September*
- *See **Confidential Attachment Siemens Jinan A-4.3 Esprit report FY2011***
- *See **Confidential Attachment Siemens Jinan A-4.3 Esprit report FY2012***
- *See **Confidential Attachment Siemens Jinan A-4.3 Esprit report FY2013 P9***

4. If you are not required to have the accounts audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

*Accounts are audited. Subsequent statements covering the periods until 30th June 2013 are provided in the **Confidential attachment** in A4.3*

*See **Confidential Attachment Siemens Jinan A-4.4 tax return FY 11***

*See **Confidential Attachment Siemens Jinan A-4.4 tax return FY 12***

5. Do your accounting practices differ in any way from the generally accepted accounting principles in your country? If so, provide details.

*The Siemens group of companies keep management accounts in accordance with the International Financial Reporting Standards ("**IFRS**") (these are the international accounting standards issued by the International Accounting Standards Board which are also adopted in Australia).*

PUBLIC RECORD

12

There is a difference between IFRS, which is used in the Siemens accounting statements and Local Chinese GAAP which is used in the audited accounts.

The IFRS accounts are the basis for the Internal Financial Reports and have been used to prepare the Excel Spreadsheets attached to this questionnaire.

*The differences mainly relate to reclassification of the following items:
See **Confidential Attachment** Siemens Jinan A-4.5 IFRS Chinese GAAP differences*

6. Describe:

The significant accounting policies that govern your system of accounting, in particular:

- the method of valuation for raw material, work-in-process, and finished goods inventories (eg last in first out –LIFO, first in first out- FIFO, weighted average);

xxx [confidential information about accounting policy]

- costing methods, including the method (eg by tonnes, units, revenue, direct costs etc) of allocating costs shared with other goods or processes (such as front office cost, infrastructure cost etc);

- *xxx [confidential information about accounting policy]*

- valuation methods for damaged or sub-standard goods generated at the various stages of production;

xxx [confidential information about accounting policy]

- valuation methods for scrap, by products, or joint products;

xxx [confidential information about accounting policy]

- valuation and revaluation methods for fixed assets;

- *xxx [confidential information about accounting policy]*

- average useful life for each class of production equipment and depreciation method and rate used for each;

xxx [confidential information about accounting policy]

- treatment of foreign exchange gains and losses arising from transactions;

xxx [confidential information about accounting policy]

PUBLIC RECORD

13

- treatment of foreign exchange gains/losses arising from the translation of balance sheet items;
xxx [confidential information about accounting policy]
 - inclusion of general expenses and/or interest;
xxx [confidential information about accounting policy]
 - provisions for bad or doubtful debts;
xxx [confidential information about accounting policy]
 - expenses for idle equipment and/or plant shut-downs;
Not applicable
 - costs of plant closure;
Not applicable
 - restructuring costs;
xxx [confidential information about accounting policy]
 - by-products and scrap materials resulting from your company's production process; and
No by-products.
Scrap material: xxx [confidential information about scrap material and accounting policy]
 - effects of inflation on financial statement information.
xxx [confidential information about accounting policy]
7. In the event that any of the accounting methods used by your company have changed over the last two years provide an explanation of the changes, the date of change, and the reasons for it.
xxx [Details of changes in costing]

A-5 Income statement

Please fill in the following table. It requires information concerning all products produced and for the goods under consideration ('goods under consideration' (the goods) is defined in the Glossary of Terms in the appendix to this form). You should explain how costs have been allocated.

	Most recent completed financial year (specify)		Investigation period	
	All products	Goods Under Consideration	All products	Goods Under Consideration
Gross Sales (1)				
Sales returns, rebates and discounts (2)				

PUBLIC RECORD

14

Net Sales (3=1-2)				
Raw materials (4)				
Direct Labour (5)				
Depreciation (6)				
Manufacturing overheads (7)				
Other operating expenses (8)				
Total cost to make (9=4+5+6+7+8)				
OPERATING INCOME (10=3-9)				
Selling expenses (11)				
Administrative & general expenses (12)				
Financial expenses (13)				
SG&A expenses (14)=(11+12+13)				
INCOME FROM NORMAL ACTIVITIES (15)=(10-14)				
Interest income (16)				
Interest expense (enter as negative) (17)				
Extraordinary gains and Losses – enter losses as negative (18)				
Abnormal gains and losses – enter losses as negative (19)				
PROFIT BEFORE TAX (20)=(15+16+17+18+19)				
Tax (21)				
NET PROFIT (22)=(20-21)				

Note: if your financial information does not permit you to present information in accordance with this table please present the information in a form that closely matches the table.

Prepare this information on a spreadsheet named "**Income statement**".

This information will be used to verify the completeness of cost data that you provide in Section G. If, because of your company's structure, the allocations would not be helpful in this process, please explain why this is the case.

PUBLIC RECORD

15

- See **Confidential Attachment** Siemens Jinan Exporter Questionnaire spreadsheet 22.09.2013 – worksheet: Income Statement

PUBLIC RECORD

16

A-6 Sales

State your company's net turnover (after returns and all discounts), and free of duties and taxes. Use the currency in which your accounts are kept, in the following format:

	Most recent completed financial year (specify)		Investigation period	
	Volume	Value	Volume	Value
Total company turnover (all products)				
Domestic market				
Exports to Australia				
Exports to Other Countries				
Turnover of the nearest business unit, for which financial statements are prepared, which includes the goods under consideration				
Domestic market				
Exports to Australia				
Exports to Other Countries				
Turnover of the goods under consideration				
Domestic market				
Exports to Australia				
Exports to Other Countries				

Prepare this information in a spreadsheet named "TURNOVER".

This information will be used to verify the cost allocations to the goods under consideration in Section G.

Also, you should be prepared to demonstrate that sales data shown for the goods is a complete record by linking total sales of these goods to relevant financial statements.

*See **Confidential Attachment Siemens Jinan Exporter Questionnaire spreadsheet 22.09.2013 – worksheet “turnover”***

PUBLIC RECORD

17

**SECTION B
SALES TO AUSTRALIA (EXPORT PRICE)**

This section requests information concerning your export practices and prices to Australia. You should include costs incurred beyond ex-factory. Export prices are usually assessed at FOB point, but the Commission may also compare prices at the ex factory level.

*You should provide details of **all** goods under consideration (the goods):*

- *invoiced during the investigation period; and*
- *subject to tenders that were won during the investigation period, even in circumstances where the goods were not invoiced or **shipped** to Australia during the investigation period. In this circumstance, please provide details of any expenses already incurred with respect to the goods shipped outside of the investigation period,*

For tender sales, the Commission considers the contract date will normally be taken to be the date of sale. To ensure that the Commission can make a proper assessment of date of sale, we request the contract date, invoice date and delivery date. If you consider that a date other than the contract date is the appropriate date of sale, please provide a response outlining your reasons for this.

B-1 For each customer in Australia to whom you shipped goods in the investigation period list:

name;

Siemens Ltd. (ACN 004 347 880) (“Siemens Australia”)

address;

885. Mountain Highway, Bayswater, Victoria 3153, Australia

contact name and phone/fax number where known;

Jeff Walker

Manager, Transformer Business Unit

Siemens Ltd. Australia

Energy Sector

Power Transmission Division

Tel: +61 (0)3 9721 2844

Mobile: +61 (0)419 390 674

Email: jeff.walker@siemens.com

And trade level (for example: distributor, wholesaler, retailer, end user, original equipment).

xxx Confidential information about Siemens Australia and Siemens Guangzhou

B-2 For each customer identified in B1 please provide the following information.

- (a) Describe how the goods are sent to each customer in Australia, including a diagram if required.

PUBLIC RECORD

18

With FOB incoterms, Siemens Jinan will deliver the transformer directly to Siemens Australia's freight forwarder-appointed warehouse or area in a Chinese port, then its freight forwarder will load the transformer on the booked vessel and ship to the destination port in Australia.

With FCA incoterms, Siemens Jinan will deliver the transformer directly to the carrier belonging to Siemens Australia's freight forwarder, then its freight forwarder will load the transformer on the booked vessel and ship to the destination port in Australia.

With EXW incoterms, Siemens Jinan will prepare the transformer for delivery in factory, Siemens Australia's freight forwarder will come directly to the factory to pick up the transformer, transport to the export port in China, then load the transformer on the booked vessel and ship to the destination port in Australia.

- (b) Identify each party in the distribution chain and describe the functions performed by them. Where commissions are paid indicate whether it is a pre or post exportation expense having regard to the date of sale.

xxx [confidential information about functions in the distribution chain]

Freight forwarder is the transportation company contracted to ship the transformer from Chinese factory to Australia.

xxx [confidential information about functions in the distribution chain]

- (c) Explain who retains ownership of the goods at each stage of the distribution chain. In the case of DDP sales, explain who retains ownership when the goods enter Australia.

With FOB incoterms, Siemens Jinan will retain the ownership of the transformer until it is loaded on the deck of the vessel, after that the ownership will be transferred to Siemens Australia.

With FCA incoterms, Siemens Jinan will retain the ownership of the transformer until it is loaded on the carrier belonging to Siemens Australia's freight forwarder, after that the ownership will be transferred to Siemens Australia.

With EXW incoterms, Siemens Jinan will retain the ownership of the transformer in factory, Siemens Australia will obtain the ownership after its freight forwarder picks up the goods.

- (d) Describe any agency or distributor agreements or other contracts entered into in relation to the Australian market (supply copy of the agreement if possible).

xxx [confidential information about distributor agreement]

PUBLIC RECORD

19

- (e) Explain in detail the process by which you negotiate price, receive orders, deliver, invoice and receive payment. If export prices are determined through a tender process, supply copies of winning tender bids.
- (f) *xxx [confidential information about tendering and execution process]* State whether your firm is related to any of its Australian customers. Give details of any financial or other arrangements (eg free goods, rebates, or promotional subsidies) with the customers in Australia (including parties representing either your firm or the customers).

Siemens Jinan and Siemens Australia are two independent companies, but both have Siemens AG as their ultimate shareholder.

- (g) Details of the forward orders of the goods under consideration (include quantities, values and scheduled shipping dates).

All orders invoiced during the investigation period, all valid orders on hand and valid offers are detailed in the Confidential Exporter Questionnaire spreadsheet.

- B-3** Do your export selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

Siemens Australia is Siemens Jinan's only customer in Australia. Accordingly, there is no selling price variation in distribution channel.

xxx [Confidential description of internal reporting]

- B-4** Prepare a spreadsheet named "Australian sales" listing all shipments (i.e. transaction by transaction) to Australia of the goods under consideration in the investigation period.

Where a contract has been won during the investigation period but the goods are not yet shipped, provide details of these goods with any expenses incurred to date and the scheduled delivery date specified in the contract.

You must provide this list in electronic format. Include the following export related information:

Column heading	Explanation
Customer name	names of your customers
Level of trade	the level of trade of your customers in Australia
Model/product code	code used in your records for the model/grade/type identified. Explain the product codes in your submission.
Power rating	Where more than one unit of the goods is shipped and the power rating

PUBLIC RECORD

20

(MVA)	differs between units, please list these units separately.
Voltage ratio (kV)	Where more than one unit of the goods is shipped and the voltage ratio differs between units, please list these units separately.
Contract number	Show order confirmation, contract or purchase order number
Contract date	Date contract was agreed with Australian customer – ensure all contracts entered in to during the investigation period are included, regardless of whether the goods were invoiced or delivered to your Australian customers outside of the investigation period
Invoice number	invoice number
Invoice date	Invoice date - ensure details of all invoiced goods during the investigation period are included, regardless of whether the contract was agreed or the goods were shipped outside of the investigation period.
Delivery date	if the delivery date differs from the invoice date please specify. If delivery has not occurred, include the scheduled delivery date set out in the contract for sale.
Shipping terms	Delivery terms eg. CIF, C&F, FOB, DDP (in accordance with Incoterms)
Payment terms	agreed payment terms eg. 60 days=60 etc
Quantity	Quantity in units shown on the invoice.
Gross invoice value	gross invoice value shown on invoice <i>in the currency of sale, excluding taxes.</i>
Discounts on the invoice	if applicable, the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Other charges	any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide a description.
Invoice currency	the currency used on the invoice
Exchange rate	Indicate the exchange rate used to convert the currency of the sale to the currency used in your accounting system
Net invoice value in the currency of the exporting country	the net invoice value expressed in your domestic currency as it is entered in your accounting system
Rebates or other allowances	the amount of any deferred rebates or allowances paid to the importer in the currency of sale
Other discounts	the actual amount of any other discount not deducted from the invoice. Show a separate column for each type of discount.
Ocean freight**	the actual amount of ocean freight incurred on each export shipment listed. If the goods are not yet shipped, provide an estimate of ocean freight.
Marine insurance	Amount of marine insurance. If the goods are not yet shipped, provide an estimate of marine insurance.
FOB export price**	the free on board price at the port of shipment.
Packing*	Packing expenses
Inland transportation costs*	inland transportation costs included in the selling price. For export sales this is the inland freight from factory to port in the country of export. If the goods are not yet shipped, provide an estimate of inland freight.
Handling, loading & ancillary expenses*	handling, loading & ancillary expenses. For example, terminal handling, export inspection, wharfage & other port charges, container tax, document fees & customs brokers fees, clearance fees, bank charges, letter of credit fees, & other ancillary charges incurred in the exporting country.
Warranty & guarantee expenses*	warranty & guarantee expenses
Installation expenses	Any expense associated with the installation of the goods if included in the contract

PUBLIC RECORD

21

Technical assistance & other services*	expenses for after sale services, such as technical assistance or installation costs.
Commissions*	Commissions paid. If more than one type is paid insert additional columns of data. Indicate in your response to question B2 whether the commission is a pre or post exportation expense having regard to the date of sale.
Other factors*	any other costs, charges or expenses incurred in relation to the exports to Australia (include additional columns as required). See question B5.

** FOB export price and Ocean Freight:

FOB export price: An FOB export price must be calculated for each shipment - regardless of the shipping terms. FOB price includes inland transportation to the port of exportation, inland insurance, handling, and loading charges. It excludes post exportation expenses such as ocean freight and insurance. Use a formula to show the method of the calculation on each line of the export sales spreadsheet.

Ocean freight: as ocean freight is a significant cost it is important that the actual amount of ocean freight incurred on each exportation be reported. If estimates must be made you must explain the reasons and set out the basis - estimates must reflect changes in freight rates over the investigation period.

Freight allocations must be checked for consistency.

* All of these costs are further explained in section E-1.

*See **Confidential Attachment Siemens Jinan Exporter Questionnaire spreadsheet 22.09.2013 – worksheet: Income Statement – worksheet “Australian Sales”***

- B-5** If there are any other costs, charges or expenses incurred in respect of the exports listed above which have not been identified in the table above, add a column (see “other factors” in question B-4) for each item, and provide a description of each item. For example, other selling expenses (direct or indirect) incurred in relation to the export sales to Australia.

N/A

- B-6** For each type of discount, rebate, allowance offered on export sales to Australia:
- provide a description; and
 - explain the terms and conditions that must be met by the importer to obtain the discount.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amount shown in your response to question B4. If they vary by customer or level provide an explanation.

There are no discounts, rebates or allowances.

PUBLIC RECORD

22

B-7 If you have issued credit notes (directly or indirectly) to the customers in Australia, in relation to the invoices listed in the detailed transaction by transaction listing in response to question B4, provide details of each credit note if the credited amount has **not** been reported as a discount or rebate.

N/A.

B-8 If the delivery terms make you responsible for arrival of the goods at an agreed point within Australia (eg. delivered duty paid), insert additional columns in the spreadsheet for all other costs incurred. For example:

Import duties	Amount of import duty paid in Australia
Inland transport	Amount of inland transportation expenses within Australia included in the selling price
Other costs	Customs brokers, port and other costs incurred (itemise)

N/A, Siemens Jinan is not responsible for arrival of the goods at an agreed point within Australia.

B-9 For two contracts where the goods were also shipped to Australia during the investigation period, please provide a complete set of all documentation related to the export sale. For example:

- the contract between your company and your Australian customer;
- the commercial invoice;
- bill of lading, export permit;
- freight invoices in relation to movement of the goods from factory to Australia, including inland freight contract;
- marine insurance expenses; and
- letter of credit, and bank documentation, proving payment.

See **Confidential Attachment Siemens Jinan B-9 Commercial Contract**

See **Confidential Attachment Siemens Jinan B-9 Customs Declaration**

See **Confidential Attachment Siemens Jinan B-9 Export Invoice**

The Commission will select additional shipments for payment verification at the time of the visit.

PUBLIC RECORD

23

SECTION C

EXPORTED GOODS & LIKE GOODS

- C-1** Fully describe all of the goods you have exported to Australia during the investigation period. Include specification details and any technical and illustrative material that may be helpful in identifying, or classifying, the exported goods.

See **Confidential Attachment Siemens Jinan Exporter Questionnaire spreadsheet 22.09.2013 – worksheet: Australian Sales.**

- C-2** List each unique unit of goods exported to Australia (these types should cover all types listed in spreadsheet “**Australian sales**” – see section B of this questionnaire).

EXPORT TYPE	Mega volt amperes (MVA)	Kilo volts (kV)
Product code of each unique unit of the goods exported to Australia		

See **Confidential Attachment Siemens Jinan Exporter Questionnaire spreadsheet 22.09.2013 – worksheet: Australian Sales**

- C-3** List each unique unit of power transformer sold on the domestic market during the investigation period.

We have taken a selection of comparable transformers (choosing the most similar power ratings) sold on the domestic market and consider that this provides an appropriate sample for comparison purposes. For Siemens Jinan the Transformers sold in Australia were 275kV and 330kV, which are not ratings delivered by Siemens Jinan in China during the period under consideration. It is also necessary to understand that different transformers with different power ratings will have different amounts of materials (copper, steel, components etc) as well as different accessories and different design so there are multiple reasons why the prices will differ. Furthermore, in general, the time/cost to design each transformer is roughly the same, however this will make up a larger proportion of the total cost on a smaller transformer, due to economies of scale.

A full listing of sales including those not-comparable is attached.

See **Confidential Attachment Siemens Jinan Sales -Complete List**

DOMESTIC TYPE	Mega volt amperes	Kilo volts (kV)

PUBLIC RECORD

24

	(MVA)	
Product code of each unique unit of the goods sold domestically		

See **Confidential Attachment** *Siemens Jinan Exporter Questionnaire spreadsheet 22.09.2013 – worksheet: “Domestic Sales”*

- C-4** Please provide any technical and illustrative material that may be helpful in identifying or classifying the goods that your company sells on the domestic market.

See **Public Record Attachment** *Siemens Jinan A-3.10 Siemens Jinan Brochure.*

SECTION D DOMESTIC SALES

This section seeks information about the sales arrangements and prices in the domestic market of the country of export.

The Commission's preliminary view of normal value:

The Commission considers that it may not be appropriate to determine normal values in accordance with section 269TAC(1) of the Act, using your domestic sales as adjusted for proper comparison with export sales, as the goods under consideration are capital goods that are manufactured to order.

*The Commission seeks information on your domestic sales for the purpose of determining profit so that a normal value can be properly constructed pursuant to section 269TAC (2)(c), using your cost to make and sell plus amounts for selling, general and administrative expenses and profit. If you consider that this is appropriate, **you do not need to complete Section E (fair comparison) of this questionnaire.***

*If you consider that it is appropriate for the Commission to determine normal values pursuant to section 269TAC (1) of the Act, **please ensure you complete Section D, Section E and Section F of this questionnaire.***

Information requested in relation to domestic sales:

In Section B, the Commission requests information in relation to your export sales to Australia. The Commission requested the following:

- *details of all invoiced sales made during the investigation period; and*
- *details of all tenders won during the investigation, regardless of whether the goods were invoiced and delivered outside of the investigation period. In these circumstances, the Commission requested that you provide an estimate of when the goods will be delivered to your Australian customers.*

*In relation to domestic sales, the Commission requests that you provide details of ALL of your invoiced sales during the investigation period. You **do not need** to provide details of tenders that were won during the investigation period but invoiced outside of the investigation period.*

*If there is an extraordinarily large volume of sales data and you are unable to provide the complete listing electronically you **must** contact the case officer **before** completing the questionnaire. If the case officer agrees that it is not possible to obtain a complete listing he or she will consider a method for sampling that meets the Commission requirements. If agreement cannot be reached as to the appropriate method the Commission may not visit your company.*

If you do not have any domestic sales of like goods you must contact the case officer who will explain the information the Commission requires for determining a normal value using alternative methods.

PUBLIC RECORD

26

D-1 Provide:

- a detailed description of your distribution channels to domestic customers, including a diagram if appropriate;
- information concerning the functions/activities performed by each party in the distribution chain; and
- a copy of any agency or distributor agreements, or contracts entered into.

If any of the customers listed are associated with your business, provide details of that association. Describe the effect, if any, that association has upon the price.

- Siemens Jinan directly sells transformers to customers (end user / contractor) via public / invited bid.

xxx [Confidential details of agency arrangement with Siemens Ltd. China]

-No agency or distributor involved (other than Siemens Ltd. China as described above).

D-2 Do your domestic selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

Siemens Jinan sells transformers directly to customers (end users/contractors) so selling price does not vary.

D-3 Explain in detail the sales process, including:

- the way in which you set the price, receive orders, make delivery, invoice and finally receive payment; and the terms of the sales; and
- whether price includes the cost of delivery to customer.

If sales are in accordance with price lists, provide copies of the price lists.

xxx [confidential information about pricing method]-

There are no price lists in use for the sale of Transformers from Siemens Jinan.

D-4 Prepare a spreadsheet named “**domestic sales**” listing **all** sales of like goods made during the investigation period. The listing must be provided on a CD-ROM. Include all of the following information.

Column heading	Explanation
Customer name	names of your customers. If an English version of the name is not easily produced from your automated systems show a customer code number

PUBLIC RECORD

27

	and in a separate table list each code and name.
Level of trade	the level of trade of your domestic customer
Product code	code used in your records for the model of the goods identified. Explain the product codes in your submission.
Power rating (MVA)	Where more than one unit of the goods is shipped and the power rating differs between units, please list these units separately.
Voltage ratio (kV)	Where more than one unit of the goods is shipped and the voltage ratio differs between units, please list these units separately.
Contract number	Show order confirmation, contract or purchase order number
Contract date	Date contract was agreed with your domestic customer. Do not include information relating to contracts where the goods were invoiced outside of the investigation period.
Invoice number	invoice number
Invoice date	invoice date
Delivery date	If the delivery date is different to the invoice date please specify
Delivery terms	eg ex factory, free on truck, delivered into store
Payment terms	payment terms agreed with the customer eg. 60 days=60 etc
Quantity	quantity in units shown on the invoice eg kg.
Gross Invoice value	gross value shown on invoice <i>in the currency of sale</i> , net of taxes.
Discounts on the Invoice	the amount of any discount deducted on the invoice on each transaction. If a % discount applies show that % discount applying in another column.
Other charges	any other charges, or price reductions, that affect the net invoice value. Insert additional columns and provide description.
Net invoice value in the currency of the exporting country	the net invoice value expressed in your domestic currency as recorded in your accounting system
Rebates or other Allowances	the actual amount of any deferred rebates or allowances in the currency of sale
Quantity discounts	the actual amount of quantity discounts not deducted from the invoice. Show a separate column for each type of quantity discount.
Packing*	packing expenses
Inland transportation Costs*	amount of inland transportation costs included in the selling price.
Handling, loading And ancillary Expenses*	handling, loading & ancillary expenses.
Warranty & Guarantee expenses*	warranty & guarantee expenses
Installation expenses	Any expense associated with the installation of the goods if included in the contract
Technical assistance & other services*	expenses for after sale services such as technical assistance or installation costs.
Commissions*	commissions paid. If more than one type is paid insert additional columns of data.
Other factors*	any other costs, charges or expenses incurred in relation to the domestic sales (include additional columns as required). See question D5.

Costs marked with * are explained in section E-2.

[See Confidential Attachment Siemens Jinan Exporter Questionnaire spreadsheet 22.09.2013 – worksheet: “Domestic Sales”](#)

D-5 If there are any other costs, charges or expenses incurred in respect of the sales listed which have not been identified in the table in question D-4 above add a

PUBLIC RECORD

28

column for each item (see “other factors”). For example, certain other selling expenses incurred.

There is no other cost.

D-6 For each type of commission, discount, rebate, allowance offered on domestic sales of like goods:

- provide a description; and
- explain the terms and conditions that must be met by the customer to qualify for payment.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amounts shown in your response to question D4.

xxx [Confidential sales commission arrangements]

If you have issued credit notes, directly or indirectly to the customers, provide details if the credited amount has **not** been reported as a discount or rebate.

No discount, rebate, allowance and credit notes.

D-7 Select two domestic sales that are at the same level of trade as the export sales. Provide a complete set of documentation for those two sales. (Include, for example, the tender bid, the contract of sale, commercial invoice, discounts or rebates applicable, credit/debit notes, inland freight contract, bank documentation showing proof of payment.)

The Commission will select additional sales for verification at the time of our visit.

See **Confidential Attachment Siemens Jinan D-7 Jinan Commercial Contract**

See **Confidential Attachment Siemens Jinan D-7 Jinan Invoice**

No discounts or rebates are applicable, neither are there any credit/debit notes.

SECTION E FAIR COMPARISON

As outlined in Section D, please complete Section E only if you would submit that the Commission should determine normal values pursuant to section 269TAC (1).

Section B sought information about the export prices to Australia and Section D sought information about prices on your domestic market for like goods (ie. the normal value).

PUBLIC RECORD

29

Where the normal value and the export price are not comparable adjustments may be made. This section informs you of the fair comparison principle and asks you to quantify the amount of any adjustment.

As prices are being compared, the purpose of the adjustments is to eliminate factors that have unequally modified the prices to be compared.

To be able to quantify the level of any adjustment it will usually be necessary to examine cost differences between sales in different markets. The Commission must be satisfied that those costs are likely to have influenced price. In practice, this means that the expense item for which an adjustment is claimed should have a close nexus to the sale. For example, the cost is incurred because of the sale, or because the cost is related to the sale terms and conditions.

Conversely, where there is not a direct relationship between the expense item and the sale a greater burden is placed upon the claimant to demonstrate that prices have been affected, or are likely to have been affected, by the expense item. In the absence of such evidence the Commission may disallow the adjustment.

Where possible, the adjustment should be based upon actual costs incurred when making the relevant sales. However, if such specific expense information is unavailable cost allocations may be considered. In this case, the party making the adjustment claim must demonstrate that the allocation method reasonably estimates costs incurred.

A party seeking an adjustment has the obligation to substantiate the claim by relevant evidence that would allow a full analysis of the circumstances, and the accounting data, relating to the claim.

The investigation must be completed within strict time limits therefore you must supply information concerning claims for adjustments in a timely manner. Where an exporter has knowledge of the material substantiating an adjustment claim that material is to be available at the time of the verification visit. The Commission will not consider new claims made after the verification visit.

E-1 Costs associated with export sales

(These cost adjustments will relate to your responses made at question B-4, 'Australian sales')

1. Transportation

Explain how you have quantified the amount of inland transportation associated with the export sale ("**Inland transportation costs**"). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

PUBLIC RECORD

30

2. Handling, loading and ancillary expenses

List all charges that are included in the export price and explain how they have been quantified (“**Handling, loading & ancillary expenses**”). Identify the general ledger account where the expenses are located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

The various export related ancillary costs are identified in the table at question B4, for example:

- terminal handling;
- wharfage and other port charges;
- container taxes;
- document fees and customs brokers fees;
- clearance fees;
- bank charges, letter of credit fees
- other ancillary charges.

3. Credit

The cost of extending credit on export sales is not included in the amounts quantified at question B4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. Provide applicable interest rates over each month of the investigation period. Explain the nature of the interest rates most applicable to these export sales eg, short term borrowing in the currency concerned.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, *and if* export prices are influenced by this longer or shorter period, calculate the average number of collection days. See also item 4 in section E-2 below.

4. Packing costs

List material and labour costs associated with packing the export product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed ‘**Packing**’.

5. Commissions

For any commissions paid in relation to the export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met.

Report the amount in the sales listing in question B-4 under the column headed “**Commissions**”. Identify the general ledger account where the expense is located.

6. Warranties, guarantees, installation and after sales services

PUBLIC RECORD

31

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses (“**Warranty & guarantee expenses**”, “**Installation expenses**” and “**Technical assistance & other services**”), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are included in the contract for sale or closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

7. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed “**Other factors**”. For example, other variable or fixed selling expenses, including salesmen’s salaries, salesmen’s travel expenses, advertising and promotion, samples and entertainment expenses. Your consideration of questions asked at Section G, concerning domestic and export costs, would have alerted you to such other factors.

8. Currency conversions

In comparing export and domestic prices a currency conversion is required. Fluctuations in exchange rates can only be taken into account when there has been a ‘sustained’ movement during the period of investigation (see article 2.4.1 of the WTO Agreement). The purpose is to allow exporters 60 days to adjust export prices to reflect ‘sustained’ movements. Such a claim requires detailed information on exchange movements in your country over a long period that includes the investigation period.

E-2 Costs associated with domestic sales

(These cost adjustments will relate to your responses made at question D-4, “**domestic sales**”)

The following items are not separately identified in the amounts quantified at question D-4. However you should consider whether any are applicable.

1. Physical characteristics

This adjustment recognises that differences, such as structure or design, mean that the goods are not identical. The Commission considers that the goods are unlikely to have identical models sold on the domestic market as they are large capital goods that are produced to order.

To support your claim that the Commission should determine normal values pursuant to section 269TAC (1), you will need to identify and quantify the physical or specification differences in order to ensure fair comparison.

The amount of the adjustment shall be based upon the market value of the difference, but where this is not possible the adjustment shall be based upon the difference in cost plus the gross profit mark-up (i.e. an amount for selling general and administrative costs (S G & A) plus profit).

PUBLIC RECORD

32

The adjustment is based upon actual physical differences in the goods being compared and upon the manufacturing cost data.

Using the table below, provide a list of the claimed comparable product sold on the domestic market. Describe in detail the specification differences between the comparable products. Also provide your claimed adjustment on the basis of this specification difference, stating the source of your data.

The Commission will seek to verify your claimed specification adjustments during the verification visit.

EXPORTED TYPE	DOMESTIC TYPE	DIFFERENCES	CLAIMED ADJUSTMENT
Product code, power rating and voltage ratio of each model of the goods exported to Australia	Product code, power rating and voltage ratio of comparable model sold on the domestic market of the country of export	Describe the specification differences in detail. If it is impractical to detail specification differences in this table refer to documents which outline differences	The claimed adjustment must be quantifiable and supported by evidence that is available for verification by the Commission

2. **Import charges and indirect taxes**

If exports to Australia:

- are partially or fully exempt from internal taxes and duties that are borne by the like goods in domestic sales (or on the materials and components physically incorporated in the goods), or
- if such internal taxes and duties have been paid and are later remitted upon exportation to Australia;

the price of like goods must be adjusted downwards by the amount of the taxes and duties.

The taxes and duties include sales, excise, turnover, value added, franchise, stamp, transfer, border, and excise taxes. Direct taxes such as corporate income tax are not included as such taxes do not apply to the transactions.

Adjustment for drawback is not made in every situation where drawback has been received. Where an adjustment for drawback is appropriate you must provide information showing the import duty borne by the domestic sales. (That is, it is not sufficient to show the drawback amount and the export sales quantity to Australia. For example, you may calculate the duty borne on domestic sales by quantifying the total amount of import duty paid and subtracting the duty refunded on exports to all countries. The difference, when divided by the domestic sales volume, is the amount of the adjustment).

In substantiating the drawback claim the following information is required:

- a copy of the relevant statutes/regulations authorising duty exemption or remission, translated into English;
- the amount of the duties and taxes refunded upon *exportation* and an explanation how the amounts were calculated and apportioned to the exported goods;
- an explanation as to how you calculated the amount of duty payable on imported materials is borne by the goods sold *domestically* but is not borne by the exports to Australia;

Substitution drawback systems

Annex 3 of the WTO Agreement on Subsidies provides: *“Drawback systems can allow for the refund or drawback of import duties on inputs which are consumed in the production process of another product and where the export of this latter product contains domestic inputs having the same quality and characteristics as those substituted for the imported inputs”*

If such a scheme operates in the country of export adjustments can also be made for the drawback payable on the substituted domestic materials, provided the total amount of the drawback does not exceed the total duty paid.

3. Level of trade

Question D-4 asks you to indicate the level of trade to the domestic customer. To claim an adjustment for level of trade differences you will need to quantify the amount by which level of trade influences price.

Trade level is the level a company occupies in the distribution chain. The trade level to which that company in turn sells the goods and the functions carried out distinguish a level of trade. Examples are producer, national distributor, regional distributor, wholesaler, retailer, end user, and original equipment.

It may not be possible to compare export prices and domestic prices at the same level of trade. Where relevant sales of like goods at the next level of trade must be used to determine normal values an adjustment for the difference in level of trade may be required where it is shown that the difference affects price comparability.

The information needs to establish that there are real trade level differences, not merely nominal differences. Real trade level differences are characterised by a consistent pattern of price differences between the levels and by a difference in functions performed. If there is no real trade level differences all sales are treated as being at the same level of trade.

A real difference in level of trade (may be adjusted for using either of the following methods:

PUBLIC RECORD

34

- (a) *costs arising from different functions*: the amount of the costs, expenses etc incurred by the seller in domestic sales of the like goods resulting from activities that would not be performed were the domestic sales made at the same level as that of the importer.

This requires the following information:

- a detailed description of each sales activity performed in selling to your domestic customers (for example sales personnel, travel, advertising, entertainment etc);
- the cost of carrying out these activities in respect of like goods;
- for each activity, whether your firm carries out the same activity when selling to importers in Australia;
- an explanation as to why you consider that you are entitled to a level of trade adjustment.

or

- (b) *level discount*: the amount of the discount granted to purchasers who are at the same level of trade as the importer in Australia. This is determined by an examination of price differences between the two levels of trade in the exporter's domestic market, for example sales of like goods by other vendors or sales of the same general category of goods by the exporter. For this method to be used it is important that a clear pattern of pricing be established for the differing trade levels. Such pattern is demonstrated by a general availability of the discounts to the level - isolated instances would not establish a pattern of availability.

4. Credit

The cost of extending credit on domestic sales is not included in the amounts quantified at question D-4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. An adjustment for credit is to be made even if funds are not borrowed to finance the accounts receivable.

The interest rate on domestic sales in order of preference is:

- the rate, or average of rates, applying on actual short term borrowing's by the company; or
- the prime interest rate prevailing for commercial loans in the country for credit terms that most closely approximate the credit terms on which the sales were made; or
- such other rate considered appropriate in the circumstances.

Provide the applicable interest rate over each month of the investigation period.

PUBLIC RECORD

35

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, and if domestic prices are influenced by this longer or shorter period, calculate the average number of collection days.

Where there is no fixed credit period agreed at the time of sale the period of credit is determined on the facts available. For example, where payment is made using an open account system¹, the average credit period may be determined as follows:

1. *Calculate an accounts receivable turnover ratio*

This ratio equals the total credit sales divided by average accounts receivable. (It is a measure of how many times the average receivables balance is converted into cash during the year).

In calculating the accounts receivable turnover ratio, credit sales should be used in the numerator whenever the amount is available from the financial statements. Otherwise net sales revenue may be used in the numerator.

An average accounts receivable over the year is used in the denominator. This may be calculated by:

- using opening accounts receivable at beginning of period plus closing accounts receivable at end of period divided by 2, or
- total monthly receivables divided by 12.

2. *Calculate the average credit period*

The average credit period equals 365 divided by the accounts receivable turnover ratio determined above at 1.

The resulting average credit period should be tested against randomly selected transactions to support the approximation.

The following items are identified in the amounts quantified at question D-4:

5. Transportation

¹ Under an open account system, following payment the balance of the amount owing is carried into the next period. Payment amounts may vary from one period to the next, with the result that the amount owing varies.

PUBLIC RECORD

36

Explain how you have quantified the amount of inland transportation associated with the domestic sales (“**Inland transportation Costs**”). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

6. **Handling, loading and ancillary expenses**

List all charges that are included in the domestic price and explain how they have been quantified (“**Handling, loading and ancillary Expenses**”). Identify the general ledger account where the expense is located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

7. **Packing**

List material and labour costs associated with packing the domestically sold product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed “**Packing**”.

8. **Commissions**

For any commissions paid in relation to the domestic sales:

- provide a description
- explain the terms and conditions that must be met.

Report the amount in the sales listing under the column headed “**Commissions**”. Identify the general ledger account where the expense is located.

9. **Warranties, guarantees, installation expenses and after sales services**

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses (“**Warranty & Guarantee expenses**”, “**Installation expenses**” and “**Technical assistance & other services**”), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are included in the contract for sale or closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

10. **Other factors**

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed “**Other factors**”. List the factors and show how each has been quantified in per unit terms. For example:

- *inventory carrying cost*: describe how the products are stored prior to sale and show data relating to the average length of time in inventory. Indicate the interest rate used;
- *warehousing expense*: an expense incurred at the distribution point;
- *royalty and patent fees*: describe each payment as a result of production or sale, including the key terms of the agreement;

PUBLIC RECORD

37

- *advertising; and*
- *bad debt.*

E-3 Duplication

In calculating the amount of the adjustments you must ensure that there is no duplication.

For example:

- adjustments for level of trade, quantity or other discounts may overlap, or
- calculation of the amount of the difference for level of trade may be based upon selling expenses such as salesperson's salaries, promotion expenses, commissions, and travel expenses.

Separate adjustment items must avoid duplication.

An adjustment for quantities may not be granted unless the effect on prices for quantity differences is identified and separated from the effect on prices for level of trade differences.

PUBLIC RECORD

38

SECTION F
EXPORT SALES TO COUNTRIES OTHER THAN
AUSTRALIA (THIRD COUNTRY SALES) – NOT NEEDED

As outlined in Section D, the Commission considers that, given the nature of the goods under consideration, it may not be appropriate to determine normal values on the basis of domestic sales (pursuant to section 269TAC(1)), or sales to third countries (pursuant to section 269TAC(2)(d)).

Please complete Section F only if you would submit that it is appropriate for the Commission to determine normal values pursuant to section 269TAC(2)(d).

Your response to this part of the questionnaire may be used by the Commission to select sales to a third country that may be suitable for comparison with exports to Australia.

Sales to third countries may be used as the basis for normal value in certain circumstances. The Commission may seek more detailed information on particular third country sales where such sales are likely to be used as the basis for determining normal value.

F-1 Using the column names and column descriptions below provide a summary of your export sales to countries other than Australia.

Column heading	Explanation
Country	Name of the country that you exported like goods to over the investigation period.
Number of customers	The number of different customers that your company has sold like goods to in the third country over the investigation period.
Level of trade	The level of trade that you export like goods to in the third country.
Quantity	Indicate the number of units sold
Value of sales	Show net sales value to all customers in third country over the investigation period
Currency	Currency in which you have expressed data in column SALES
Payment terms	Typical payment terms with customer(s) in the country eg. 60 days=60 etc
Shipment terms	Typical shipment terms to customers in the third country eg CIF, FOB, ex-factory, DDP etc.

Supply this information in spreadsheet file named "Third country"

F-2 Please identify any differences in sales to third countries which may affect their comparison to export sales to Australia.

SECTION G

COSTING INFORMATION AND CONSTRUCTED VALUE

The information that you supply in response to this section of the questionnaire will be used for various purposes including:

- testing the profitability of sales of like goods on the domestic market;*
- determining a constructed normal value of the goods under consideration (the goods) - ie of the goods exported to Australia; and*
- making certain adjustments to the normal value.*

You will need to provide the cost of production of both the exported goods (the goods) and for the like goods sold on the domestic market. You will also need to provide the selling, general, and administration costs relating to goods sold on the domestic market; the finance expenses; and any other expenses (eg. non-operating expenses not included elsewhere) associated with the goods.

In your response please include a worksheet showing how the selling, general, and administration expenses; the finance expenses; and any other expenses have been calculated.

Please provide costs associated to each of the export sales detailed at question B4 and domestic sales details in question D4.

For export sales, this will include costs associated with tenders that may be invoiced or delivered outside of the investigation period. Where these costs have not yet been incurred, please provide an estimate of these costs such as, for example, the cost you estimated at the time of bidding for the tender.

*For domestic sales, you only need to include **actual** costs incurred in relation to goods invoiced during the investigation period.*

At any verification meeting you must be prepared to reconcile the costs shown to the accounting records used to prepare the financial statements.

G-1 Production process and capacity

1. Describe the production process for the goods. Provide a flowchart of the process. Include details of all products manufactured using the same production facilities as those used for the goods. Also specify all scrap or by-products that result from producing the goods.

*See **Confidential Attachment Siemens Jinan G-1 Manufacturing Process Chart***

Silicon-steel, copper, oil, and wood are scrap and there are no by-products.

G-2. Provide information about your company's total production in

PUBLIC RECORD

40

the following table:

	PREVIOUS FINANCIAL YEAR	MOST RECENT FINANCIAL YEAR	Investigation Period
A – Production capacity (eg capacity of units sold)*			
B – Actual production in volume (eg capacity of units sold)			
C – Capacity utilisation (%) (B/A x 100)			

* rather than showing a 'name-plate' optimal capacity it is more meaningful to show the maximum level of production that may reasonably be attained under normal operating conditions. For example assuming: normal levels of maintenance and repair; a number of shifts and hours of operation that is not abnormally high; and a typical production mix.

Provide this information on a spreadsheet named "**Production**".

See [Confidential Attachment Siemens Jinan Exporter Questionnaire spreadsheet 22.09.2013 – worksheet: "Production"](#)

G-3. Cost accounting practices

- Outline the management accounting system that you maintain and explain how that cost accounting information is reconciled to your audited financial statements.

The management accounting system is based on Siemens Financial Reporting Guidelines which is based on IFRS.

Audited Financial Statements are based on Chinese Local GAAP and accounting period 1 January to 31 December

Internal Financial Statements and the financial data provided in the Exporter Questionnaire spreadsheet are based on IFRS and accounting period 1 October to 30 September

- Is your company's cost accounting system based on standard (budgeted) costs? State whether standard costs were used in your responses to this questionnaire. If they were state whether all variances (ie differences between standard and actual production costs) have been allocated to the goods - and describe how those variances have been allocated.

xxx [confidential information about accounting policy]

- Provide details of any significant or unusual cost variances that occurred during the investigation period.

Not applicable.

PUBLIC RECORD

41

- 4 Describe the profit/cost centres in your company's cost accounting system.
*See **confidential attachment Siemens Jinan G-3.4 Cost and Profit Centres***
- 5 For each profit/cost centre describe in detail the methods that your company normally uses to allocate costs to the goods under consideration. In particular specify how, and over what period, expenses are amortised or depreciated, and how allowances are made for capital expenditures and other development costs.
No allowance for capital expenditures and other development costs.
For Cost center allocation rule/cycle,
*See **confidential attachment Siemens Jinan G-3.5 Cost Centre Cycle and SKF1***
- 6 Describe the level of product specificity (models, grades etc) that your company's cost accounting system records production costs.
*See **confidential attachment Siemens Jinan G-3.6 Routing***
- 7 List and explain all production costs incurred by your company which are valued differently for cost accounting purposes than for financial accounting purposes.
Not applicable.
- 8 State whether your company engaged in any start-up operations in relation to the goods under consideration. Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.
Not applicable.
- 9 State the total cost of the start-up operation and the way that your company has treated the costs of the start-up operation in its accounting records.
Not applicable.

G-4 Cost to make and sell on domestic market

This information is relevant to testing whether domestic sales are in the ordinary course of trade.²

1. Please provide (in the format shown in the table below) the actual unit cost to make and sell each model/type* (identified in section C) of the like goods sold on the domestic market. Provide this cost data for each unique unit of the goods invoiced during the investigation period.

² *The Commission applies the tests set out in s.269TAAD of the Customs Act 1901 to determine whether goods are in ordinary course of trade. These provisions reflect the WTO anti-dumping agreement – see Article 2.2.1.*

PUBLIC RECORD

42

See **Confidential Attachment Siemens Jinan Exporter Questionnaire spreadsheet 22.09.2013 – worksheet: domestic CMTS**

2. Indicate the source of cost information (account numbers etc) and/or methods used to allocate cost to the goods. Provide documentation and worksheets supporting your calculations.

Please refer to answers in section G-3.

CUSTOMER		
Contract number		
Item number		
Quantity		
Contract date		
Delivery date		
Power rating (MVA)		
Voltage Ratio (kV)		
Variable manufacturing costs		
Raw material - core steel		
Raw material - conductor		
Raw material - insulation		
Raw material - mild steel		
Raw material - tapchanger		
Raw material - CT & CT terminal box		
Raw material - radiators or heat ex., fittings		
Raw material - fibre optics probes		
Raw material - fans		
Raw material - pumps		
Raw material - valves		
Raw material - control panel		
Raw material - oil		
Raw material - bushings (HV, MV, LV)		
Raw material - other		
Direct labour – Engineering (design)		
Direct labour – manufacturing (production)		
Other costs		
Fixed manufacturing costs		
Overheads		
Depreciation		
Finance charges		
Other costs		
Total cost to make		
Selling costs		
Administration costs		
Financial costs		
Delivery expenses		
Other costs		
Total cost to sell		
Total cost to make and sell		

PUBLIC RECORD

43

Unit cost to make and sell		
----------------------------	--	--

Prepare this information in a spreadsheet named "**Domestic CTMS**".

Provide this information for each unique unit of the goods invoiced during the period of the investigation. For example, if one contract specifies production of two different types of the goods, provide this information for each type of the goods.

Provide the information broken down into fixed and variable costs, and indicate the % total cost represented by fixed costs.

*See **Confidential Attachment Siemens Jinan Exporter Questionnaire spreadsheet 22.09.2013 – worksheet: "domestic CTMS"***

If you are unable to supply this information in this format, please contact the case officer for this investigation at the address shown on the cover of this questionnaire.

Please specify unit of currency.

PUBLIC RECORD

44

G-5 Cost to make and sell goods under consideration (goods exported to Australia)

The information is relevant to calculating the normal values based on costs. It is also relevant to calculating certain adjustments to the normal value.

CUSTOMER		
Contract number		
Item number		
Quantity		
Contract date		
Delivery date		
Power rating (MVA)		
Voltage Ratio (kV)		
Variable manufacturing costs		
Raw material - core steel		
Raw material - conductor		
Raw material - insulation		
Raw material - mild steel		
Raw material - tapchanger		
Raw material - CT & CT terminal box		
Raw material - radiators or heat ex., fittings		
Raw material - fibre optics probes		
Raw material - fans		
Raw material - pumps		
Raw material - valves		
Raw material - control panel		
Raw material - oil		
Raw material - bushings (HV, MV, LV)		
Raw material - other		
Direct labour – Engineering (design)		
Direct labour – Manufacturing (production)		
Other costs		
Fixed manufacturing costs		
Overheads		
Depreciation		
Finance charges		
Other costs		
Total cost to make		
Selling costs		
Administration costs		
Financial costs		
Delivery expenses		
Other costs		
Total cost to sell		
Total cost to make and sell		
Unit cost to make and sell		

Prepare this information in a spreadsheet named "**Australian CTMS**".

PUBLIC RECORD

45

See **Confidential Attachment Siemens Jinan Exporter Questionnaire spreadsheet 22.09.2013 – worksheet: Australian CMTS**

Provide this information for all goods invoiced during the investigation period and for all goods the subject of a contract that was entered into during the investigation period, but invoiced or delivered outside of the investigation period. Where actual costs are not yet incurred, provide an estimate of these costs, such as for example, the estimate of the costs that formed the basis of your winning tender bid.

Provide this information for each unique unit of the goods contracted for sale or invoiced during the period of the investigation. For example, if one contract specifies production of two different types of the goods, provide this information for each type of the goods.

Provide the information broken down into fixed and variable costs, and indicate the % total cost represented by fixed costs.

If you are unable to supply this information in this format, please contact the case officer for this investigation at the address shown on the cover of this questionnaire.

Please specify unit of currency.

- 1 Where there are cost differences between goods sold to the domestic market and those sold for export, give reasons and supporting evidence for these differences.

Different transformers with different power ratings will have different amounts of materials (copper, steel, components etc) as well as different accessories and different design so there are multiple reasons why the prices will differ. Furthermore, in general, the time/cost to design each transformer is roughly the same, however this will make up a larger proportion of the total cost on a smaller transformer, due to economies of scale.

- 2 Give details and an explanation of any significant differences between the costs shown, and the costs as normally determined in accordance with your general accounting system. Reference should be made to any differences arising from movements in inventory levels and variances arising under standard costing methods.

Not applicable.

- 3 In calculating the unit cost to make and sell, provide an explanation if the allocation method used (eg number, or weight etc) to determine the unit cost differs from the prior practice of your company.

xxx [Confidential costing policy]

G-6 Major raw material costs

PUBLIC RECORD

46

List major raw material costs, which individually account for 10% or more of the total production cost.

For these major inputs:

- identify materials sourced in-house and from associated entities;
Key materials and components are mostly sourced externally.
- identify the supplier; and
*See **confidential attachment** Siemens Jinan G-6 Suppliers*
- show the basis of valuing the major raw materials in the costs of production you have shown for the goods (eg market prices, transfer prices, or actual cost of production).

Please refer to answers in section G-3.

Where the major input is produced by an associate of your company the Commission will compare your purchase price to a normal market price. If the associate provides information on the cost of production for that input such cost data may also be considered.

Normal market price is taken to be the price normally available in the market (having regard to market size, whether the input is normally purchased at 'spot prices' or under long term contracts etc).

The term associate is defined in section 269TAA of the *Customs Act*. Included in that definition are companies controlled by the same parent company (a company that controls 5% or more of the shares of another is taken to be an associated company); companies controlled by the other company; and companies having the same person in the board of directors.

Important note: If the major input is sourced as part of an integrated production process you should provide detailed information on the full costs of production of that input.

Section H

Exporter's declaration

I hereby declare that Siemens Jinan did, during the period of investigation export the goods under consideration and have completed the attached questionnaire and, having made due inquiry, certify that the information contained in this submission is complete and correct to the best of my knowledge and belief.

I hereby declare that Siemens Jinan did not, during the period of investigation, export the goods under consideration and therefore have not completed the attached questionnaire.

Name : Liu Xiao Qing

Signature :

Position in

Company :.General Manager

Date :

Name : Yu Zong Yuan

Signature :

Position in

Company :.Commercial Manager

Date :