

Ms Ann Jones
Director Business Performance
Queensland Competition Authority
Level 27, 145 Ann Street
BRISBANE QLD 4000

24 July 2025

Dear Ann,

Endorsed Variation Event – 2025-26 Regulatory Fees

I refer to correspondence received from the Queensland Competition Authority (**QCA**) on:

- 17 June 2025, in relation to its estimated regulatory fees for 2025-26; and
- 21 July 2025, which provided an update in respect of its estimated final fees for 2024-25.

The QCA's correspondence constitutes a notice under clause 5.1 of Schedule F to the 2017 Access Undertaking (**UT5**) of an Endorsed Variation Event. In accordance with clause 5.2(b) of Schedule F to UT5, a Reference Tariff variation must be submitted within 60 days of receiving such a notice. Consequently, Aurizon Network is seeking QCA approval to vary the FY2026 QCA Levy in accordance with clause 5.2(c) of Schedule F to UT5.

The QCA's correspondence of 21 July represents new information that is relevant to the determination of the FY2026 QCA Levy. Consequently, Aurizon Network seeks to withdraw its earlier submission of 19 June 2025 in respect of the FY2026 QCA Levy and seeks QCA approval of this updated submission.

1. Regulatory requirements for submitting a Reference Tariff variation

For a variation in respect of an Endorsed Variation Event, Schedule F, clause 5.4, requires that:

Aurizon Network must:	Comment
(a) nominate the Reference Tariff to be varied	Aurizon Network is seeking to vary the QCA Levy.
(b) include details of the methodology, data and assumptions used to vary the Reference Tariff	The methodology, data and assumptions used to vary the QCA Levy are outlined in this submission.
(c) for a variation under 5.1(a)(i), include information in relation to (i) the Pricing Limits, and (ii) why the variation will promote efficient investment	Schedule F, clause 5.4(c) is not applicable to an Endorsed Variation Event.
(d) Include evidence that the Endorsed Variation Event has occurred or will occur	The QCA's correspondence of 17 June 2025 provides evidence of the event occurring.

2. Methodology

The QCA Levy for a given year is set having regard to:

- the QCA's regulatory fees for the provision of regulatory services for the rail industry;
- any over or under recovery of fees via the QCA Levy in the previous year; and
- the aggregated volume forecast for the Central Queensland Coal Network (**CQCN**).

2.1 Estimate of FY2026 Regulatory Fees

The QCA's correspondence of 17 June 2025 states that:

"...the QCA has set fees for Aurizon Network Pty Ltd in 2025-26 of \$2,967,000 plus GST...";
and

"These fees represent 90% of the estimated cost of the services expected to be supplied during the year."

Aurizon Network has calculated the updated QCA Levy for FY2026 using an estimate that reflects 100% of the QCA's estimated fees for the year, i.e., **\$3,296,602** (plus GST).

2.2 Forecast under recovery of FY2025 Regulatory Fees

On 14 June 2024 and 12 September 2024, the QCA advised Aurizon Network of its forecast regulatory fees for FY2025 and final regulatory fees for FY2024 respectively. The QCA Levy for FY2025 was subsequently set to recover a total of \$942,859.

The QCA's correspondence of 21 July 2025 states that:

"...subject to final audit and QCA Board approval, the estimated fee for the compliance requirements this year was \$1,228,184 plus GST."

Aurizon Network has adjusted this amount to account for the over-collection of the FY2024 QCA Levy (a value of \$8,252). Consequently, the estimated final regulatory fees are approximately \$277,073 higher than the value assumed when establishing the FY2025 QCA Levy.

During the year, Aurizon Network collected \$873,514 from End Users through the QCA Levy component of Access Charges, representing an under-recovery of \$346,418.

As a result, Aurizon Network has incorporated a 'Prior Year Adjustment' of **\$346,418** within the proposed updated QCA Levy for FY2026 to reconcile the under-recovery of Access Charges.

2.3 CQCN Volume Forecast for FY2026

On 15 May 2025, the QCA approved Aurizon Network's Review of Reference Tariffs submission for FY2026, including a volume forecast for the CQCN of 221.0 million Net Tonnes (**NT**).

Aurizon Network confirms that it has applied this volume forecast when calculating the proposed amended QCA Levy for FY2026.

3. Calculation

Aurizon Network's calculation of the FY2026 QCA Levy for the full year is set out in the table below.

QCA Levy – Full Year FY2026 (ex GST)	Units	Value
FY2026 Regulatory Fees (100% of estimated costs)	\$	3,296,602
Prior Years Adjustment	\$	346,418
Total FY2026 Regulatory Fees (including adjustment)	\$	3,643,020
FY2026 Volume Forecast	Million NT	221.0
FY2026 QCA Levy – Full Year	\$ per NT	0.0165

3.1 Effective Date of the proposed FY2026 QCA Levy

Given FY2026 has already commenced, Aurizon Network proposes an Effective Date of 1 September 2025 for the FY2026 QCA Levy. The purpose of doing so is to avoid the need for a further Adjustment Charge submission (Schedule F, clause 6), which is required where a Reference Tariff variation applies prior to the date of QCA approval. Aurizon Network's proposal will see Access Charges:

- for July and August 2025 billed at the current approved rate of **\$0.0045 per NT**, reflecting the QCA's decision on the FY26 Review of Reference Tariffs; and
- from 1 September 2025, billed at an adjusted rate of **\$0.0189 per NT**.

In calculating the adjusted rate, Aurizon Network has assumed collection of two months of Access Charges at the current approved rate, based on a pro-rata of the annual volume forecast. Aurizon Network's calculation of the adjusted QCA Levy for FY2026 is set out in the table below.

Proposed QCA Levy (ex GST)	Units	Rate	Value
Total FY2026 Regulatory Fees (incl adjustment)	\$		3,643,020
- Less estimated billing 1 July – 31 August 2025 [^]	\$	0.0045	(165,728)
Remaining QCA Fees 1 September 2025 – 30 June 2026	\$		3,477,292
Remaining Volume Forecast (Sep 2025 – June 2026)	Million NT		184.1
Proposed FY2026 QCA Levy – effective 1 Sep 2025	\$ per NT		0.0189

[^] Estimated billing for July and August is calculated by applying the current approved QCA Levy to a pro-rata of the annual volume forecast. I.e. $\$0.0045 \times (221.0 \text{ million NT} / 12 \text{ months}) \times 2 \text{ months}$

Please direct any enquires regarding this submission to Michael Bray: Michael.Bray@aurizon.com.au

Yours sincerely,



Jon Windle
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Aurizon Network Pty Ltd