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COUNCIL

Resourcing Queensland's future

10th October 2025

Queensland Competition Authority
(Submitted via QCA Online Submission Form)

The Queensland Resources Council (QRC), on behalf of the QRC's Rail Working Group, welcomes the opportunity to comment on Aurizon Network's FY25 Maintenance Costs Claim ('Maintenance Claim').

The QRC understands that, under Section 7A.11.5(f), the QCA will determine the extent to which Aurizon Network's Maintenance Claim is consistent with the Approved Maintenance Strategy and Budget (MSB) for each coal system, having regard to a materiality threshold of +/- $2 million for a maintenance 'item'.

In FY25, for the second consecutive year, Aurizon Network has materially exceeded the Approved MSB, with materiality threshold overruns largely occurring within the same maintenance items as in FY24. End Users acknowledge that Aurizon Network has provided them with regular briefings explaining the reason for these variations, but we continue to rely on the QCA to conduct a thorough review of the Maintenance Claim in those circumstances where Aurizon Network has exceeded the materiality threshold for maintenance items. This is particularly the case where the information provided by Aurizon Network through these briefings has not been sufficient to demonstrate the benefits of the works to End Users. In this regard, we would like to draw the QCA's attention to the Targeted Drainage Program.

<u>Targeted Drainage Program</u>
Aurizon Network's Targeted Drainage Program has been a substantial contributor to the actual cost variation from the MSB General Track Maintenance category for both the Blackwater and Goonyella systems. A summary of the background to this program is as follows:

- As noted by Aurizon Network in its Maintenance Claim, the Approved MSB for FY25 included allowance for reactive drainage and access road maintenance, based on historical actual costs;
- In October 2024, Aurizon Network briefed the Rail Industry Group (RIG) that it had begun an additional Targeted Drainage Program across the Blackwater and Goonyella systems, aimed at rectifying known poorly drained sites. While not objecting to the targeted drainage works as unnecessary, End Users sought further information on the benefits, and the timing of those benefits, from this program;
- The Targeted Drainage Program was considered in more detail in the context of the FY26 MRSB. In approving the FY26 MRSB in February 2025, the RIG considered that

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the information provided on the Targeted Drainage Program fell short of the information required to make an informed decision. While the RIG did not claim that the drainage works were unnecessary in any system, it did require the removal of the drainage works from the Approved MRSB for all systems bar Goonyella, pending further work being undertaken to assess the prudency of the program across all systems. The RIG advised that, if further consultation indicates that the program is prudent in other systems, then the RIG would support a variation to the MRSB so that the work could occur during FY26.
- Subsequently, Aurizon Network has advised the RIG that it is not currently able to provide information to confirm the prudency of the continued rollout of the Targeted Drainage Program for systems other than Goonyella during FY26. Further work on benefit assessment and site prioritisation will occur for the FY27 MRSB.

Given this context, in considering Aurizon Network's Maintenance Claim, End Users request that the QCA place a specific focus on confirming the prudency and efficiency of the Targeted Drainage Program. The QCA's assessment should consider both the benefits able to be derived from these works, as well the process and criteria used for site prioritisation. In requesting this, we reiterate that End Users are not claiming that the works undertaken in FY25 were unnecessary, rather that the information provided by Aurizon Network was insufficient for us to make an informed assessment.

Yours sincerely

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