

File ref: 2057509

20 November 2025

Ms Cat Peppler
Group Executive Network
Aurizon Network Pty Ltd
GPO Box 456
BRISBANE QLD 4001

Dear Ms Peppler

Aurizon Network's 2024-25 capital expenditure claim

On 20 November 2025, the Queensland Competition Authority made a decision to accept Aurizon Network's 2024-25 capital expenditure claim of \$364.1 million (including IDC) for inclusion into the regulatory asset base.

A summary of the QCA's review of the 2024-25 capital expenditure claim is in the attached decision notice dated 20 November 2025. The notice includes a brief overview of the basis of our assessment and our main findings.

The QCA made its decision in accordance with Aurizon Network's 2017 access undertaking, having had regard to information Aurizon Network provided to support its claim (including its response to additional requests for information) and stakeholder submissions.

If your staff have any questions about this decision notice, they can contact Jake Murray on 07 3222 0516 or by email at jake.murray@qca.org.au.

Yours sincerely



Charles Millstead
Chief Executive Officer

cc: *Jon Windle, Manager Regulation – Network*
Lauren Dixon, Principal Regulatory Adviser

Aurizon Network's 2024-25 capital expenditure claim

20 November 2025

The Queensland Competition Authority has approved Aurizon Network's 2024-25 capital expenditure claim of \$364.1 million, including interest during construction, for inclusion into its regulatory asset base. The reasons are set out in this decision in accordance with Aurizon Network's 2017 access undertaking.

We conduct an annual assessment of the prudence and efficiency of Aurizon Network's capital expenditure, to determine if it should be included in the regulatory asset base (RAB) for the central Queensland coal network (CQCN). Aurizon Network's 2017 access undertaking (UT5) requires us to approve the inclusion of Aurizon Network's capital expenditure into the RAB if the expenditure is for the prudent and efficient value of the assets used or intended to be used by Aurizon Network to provide the declared service.¹

On 3 September 2025, Aurizon Network submitted its 2024-25 capital expenditure claim for \$364.1 million, including interest during construction (IDC).² The claim relates to expenditure for assets commissioned in the 2024-25 financial year. This includes expenditure that was included in the 2024-25 renewals strategy and budgets (RSBs) in each system, works that were planned for delivery in previous years but were subsequently deferred for operational reasons, and additional (or substitute) scope that was identified as requiring prioritisation during 2024-25.

On 2 October 2025, Aurizon Network submitted an update to its 'cost incurred' amounts, which were provided for information only and did not affect the value of the claim.³

¹ UT5, sch E, cl 2.2(a).

² Aurizon Network, [Aurizon Network 2024-25 capital expenditure claim](#), September 2025 (Aurizon Network proposal).

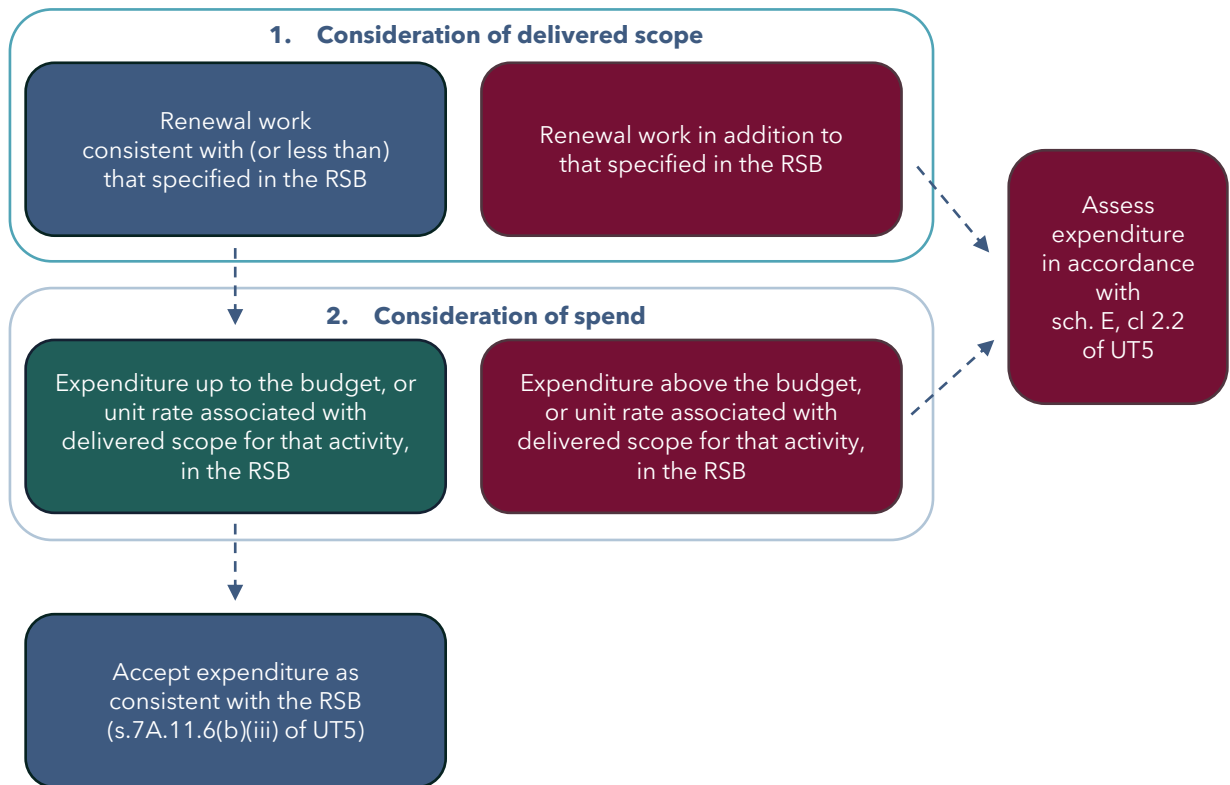
³ Aurizon Network, [Aurizon Network 2024-25 capital expenditure claim - costs incurred revision](#), October 2025.

Our assessment approach

We have assessed Aurizon Network's 2024-25 capital expenditure claim in accordance with UT5.

UT5 requires us to accept asset replacement and renewal expenditure that is consistent with an approved RSB (Figure 1).⁴ To the extent Aurizon Network's claim departs from an approved RSB, we assess the prudence and efficiency of additional expenditures, having regard to the framework outlined in schedule E of UT5, which relates to the scope, standard and cost of the works.

Figure 1: Approach for assessing expenditure under an approved RSB



This year, users approved a renewals strategy and budget (RSB) for 2024-25 for all systems.⁵ Aurizon Network also undertook projects not included in the RSB (relating to its Automated Track Inspection System (ATIS), customer-specific connection works at Olive Downs, a network cybersecurity project and the Newlands remote control signalling (RCS) project).

As part of its claim, Aurizon Network provided a comparison of actual cost and scope of work delivered against the RSB for each coal system. In some cases, the completed works included the partial completion of planned works and the completion of additional works. We note that Aurizon Network has continued to notify the Rail Industry Group of changes and variations across the year through quarterly meetings and reports.

Consultation

We provided stakeholders with an opportunity to comment on the prudence and efficiency of Aurizon Network's capital expenditure claim. This included providing their views on the consistency

⁴ UT5, cl 7A.11.6(b).

⁵ See Aurizon Network, [Central Queensland Coal Network FY25 Final Draft Proposal Maintenance and Renewals Strategy and Budgets](#), 21 January 2024.

of expenditure with the approved 2024–25 RSBs and the prudence and efficiency of expenditure that was either inconsistent with these RSBs or had otherwise been undertaken. We received a response from the Queensland Resources Council (QRC) that identified potential inconsistencies with the approved RSBs (raising concerns about the scope of some of the works that had been undertaken and increasing costs in general) and highlighted specific concerns over elements of the claim, including the Newlands RCS project – which it said was delayed and over budget and failed to deliver the forecasted capacity.⁶

We have taken these views into account when making our decision.

QCA assessment and decision

Capital expenditure

Based on the information available, we consider it is appropriate to accept Aurizon Network's 2024–25 capital expenditure claim in full.⁷

We are satisfied that \$231.6 million of the claimed expenditure (excluding IDC)⁸ is consistent, both in terms of scope and cost, with the approved 2024–25 RSBs. The remainder of the approved amount (\$123.6 million, excluding IDC) has otherwise been assessed as prudent and efficient. This is largely made up of expenditure for works rolled over from previous years (\$75.7 million) or works that either exceeded the budget or failed to deliver the agreed scope in the 2024–25 RSBs (\$20.5 million). It also includes expenditure for works completed for projects that were outside the approved RSBs (\$27.4 million⁹).

For expenditure outside of the approved RSBs, we had regard to information provided by Aurizon Network in support of its claim. We consider that there were reasonable grounds to undertake the works and the standard of works is fit for purpose – and that the total spend is reasonable given the circumstances. In particular, we are satisfied that there were relevant circumstances that Aurizon Network managed appropriately, including increases in the costs for materials and labour, as well as impacts of inclement weather or more complex renewal activities than projected (due to asset conditions) leading to remobilisation or preventing completion of the full scope of works.

Newlands RCS

The Newlands RCS project accounted for the majority of the claimed amount for non-RSB projects. Having regard to the QRC's concerns, and after taking into account additional information (including the independent expert's assessment of the project in the post-implementation review), we consider that this project is prudent and efficient and the full claimed amount is appropriate for inclusion into the RAB.

Aurizon Network's capital expenditure claim calculated the IDC in a way that is consistent with previous years using the approved methodology.

The full list of capital expenditure that we are approving, by asset type, is provided in Table 1.

⁶ QRC, [Capital expenditure claim 2024–25 submission](#), submission to the QCA, 2 October 2025.

⁷ Our assessment was informed by information from the relevant RSBs, information Aurizon Network provided in support of its claim, information used in previous assessments of projects and past QCA decisions, including having regard to the issues raised by the QRC.

⁸ The following assessed amounts exclude IDC. Totals may not add due to rounding.

⁹ This includes all non-RSB projects listed in Aurizon Network's claim.

Table 1: Approved capital expenditure amounts for 2024-25 (\$m)

Asset type	Approved expenditure (excl IDC)	IDC	Approved expenditure (incl IDC)
Permanent way	\$75.9	\$1.5	\$77.4
Ballast cleaning	\$103.3	\$1.1	\$104.4
Structures	\$50.5	\$1.8	\$52.2
Civil renewals	\$41.0	\$1.2	\$42.2
Control systems	\$44.3	\$1.9	\$46.2
Electrical assets	\$12.8	\$0.6	\$13.4
Non-RSB	\$27.4	\$0.9	\$28.3
Total	\$355.1	\$9.0	\$364.1

Note: Totals may not add due to rounding.