

File ref: 2057632

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 maintenance costs claim

I wish to advise that the QCA has approved Aurizon Network's 2024-25 maintenance costs claim (totalling \$203 million). The QCA considers that the 2024-25 program of maintenance work and actual costs claimed are either not materially different from the approved 2024-25 maintenance strategies and budgets (MSBs) for each system or have otherwise been assessed as prudent and efficient.¹

System	Approved maintenance cost (\$m)
Blackwater	85.6
Goonyella	81.1
Moura	17.8
Newlands/GAPE	18.5
Total	203.0

While the total maintenance costs (and each system's costs) were generally above budget, the QCA considers that cost items claimed are, for the most part, not materially different from the approved MSB. The QCA accepts that some cost and scope variances will inevitably exist between the program delivered and the approved maintenance strategy and budget given the timing, changing priorities and changing market conditions.

The QCA notes that the costs claimed for a number of individual maintenance items exceeded the materiality threshold of $\pm$ \$2 million this year.² In accordance with UT5, the QCA considered whether these costs are prudent and efficient, having regard to the maintenance objectives.³ To assist in this assessment, the QCA had regard to the information Aurizon Network provided to support its claim,

¹ UT5, cls 7A.11.5(f), (h) and (i).

² These were: general track maintenance and signalling and telecommunications (in Blackwater and Goonyella), which were considered items for the purpose of the assessment.

³ UT5, cls 7A.11.1(a)(iii)(A)-(C).

as well as advice provided by our independent engineering consultant, Arcadis.⁴ Arcadis' report also looked into QRC's concern on recurrence of cost overruns within the same maintenance items – including the limited information available relating to Aurizon Network's targeted drainage program.

We are satisfied that where there were material differences with the MSB, the observed overspend for those maintenance cost items was nevertheless prudent and efficient – having regard to the maintenance objectives and safety and compliance requirements, changing market conditions (in particular, the unpredictable nature of severe weather events resulting in unanticipated scour, sedimentation and destruction of drainage systems).

We also note Arcadis' findings on factoring in accurate travel costs for labour components, and developing a predictive defect management regime to improve accuracy of future defects estimates beyond reliance on historic data. We consider Arcadis' suggestion is reasonable feedback for Aurizon Network to consider in any future works and could provide more accurate maintenance cost budgeting if implemented.

This letter will be published on the QCA website for stakeholders' information.

Yours sincerely



Charles Millstead
Chief Executive Officer

cc: Jon Windle, Manager Regulation – Network Finance and Regulation

⁴ Arcadis reviewed the 'reasonableness' of the overspend on key maintenance costs items that exceeded the UT5 materiality threshold and justification for repeated overspend in these areas compared to the approved maintenance and strategy budgets. This had regard to relevant financial, regulatory, and strategic aspects of the expenditure, including in meeting safety and compliance requirements, as well as Aurizon Network's strategic objectives and performance requirements. Arcadis' report is available on our [website](#).