

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

31 March 2026

Dear Ann,

Aurizon Network Pty Ltd (Aurizon Network) – Moranbah North Rail Realignment

Aurizon Network has been engaged by Anglo American to relocate an existing 8.5 kilometre (**km**) section of the Goonyella System mainline between Wotonga and Moranbah North Junction (**Project**). Aurizon Network is seeking approval from the Queensland Competition Authority (**QCA**) that:

- pursuant to paragraph (e) of the definition of Expansion in Part 12 of the 2017 Access Undertaking (**UT5**), the re-alignment Project is not an Expansion for the purpose of UT5 (with the consequence that Aurizon Network will not seek QCA approval to include any Project Costs in the Regulatory Asset Base (**RAB**)); and
- pursuant to clause 1.1(c) of Schedule E to UT5, to the extent that existing assets are disposed of as a result of the Project, the QCA will not require the residual value of those assets to be removed from the RAB.

Summary of the proposal

Anglo American operates the Moranbah North and Grosvenor Mine complex (**MG Complex**) near Moranbah. The MG Complex mining leases are held by the Moranbah North Joint Venture participants (**ML Holders**). A section of the Goonyella System mainline within the Central Queensland Coal Network (**CQCN**) passes through the MG Complex and over the planned longwall mining area.

The Project is being undertaken to facilitate the ML Holders meeting relevant obligations under their mining leases at no cost to the railway manager (i.e. Aurizon Network) or the Queensland Government. The Project will:

- allow Anglo American, as operator of the MG Complex, to extract the coal resource under the relevant existing section of the Goonyella System mainline; and
- mitigate potential adverse impacts on the existing CQCN Rail Infrastructure (e.g. track deviation due to subsidence) by moving the rail line away from the future longwall mining area.

In the absence of ML Holders commercial interests in extracting coal resources under the current rail alignment, there would be no requirement for Aurizon Network to undertake these works to provide the declared service (being the use of a coal system for providing transportation by rail).

Consistent with the requirement that Aurizon Network bears no cost from the Project, it is also appropriate that users of the declared service do not fund all or part of the Project through Access Charges. Therefore, Aurizon

Network does not intend to seek approval of any capital expenditure associated with the Project under clause 1.3(a) of Schedule E to UT5. Consequently, any costs associated with the Project (**Project Costs**) will be excluded from the RAB for pricing purposes.

Aurizon Network's preliminary analysis (completed in 2024 and based on concept level designs) concluded that the project did not fit the definition of Expansion under UT5, noting that the operational impacts were de minimus in nature. When also considering the proposed treatment of the Project Costs, other Access Holders were expected to be 'no worse off'.

In late 2024, Aurizon Network engaged with QCA staff in respect of the above matters. On 12 November 2024, QCA staff wrote to Aurizon Network requiring that:

- further information on the operational impacts be provided; and
- that Aurizon Network reasonably consult with stakeholders that may be potentially affected by the Project.

Aurizon Network has had regard to the views of QCA staff and has:

- completed a detailed assessment of operational performance impacts, culminating in an impact analysis report (**Impact Report**);
- consulted with and sought feedback from all Rail Operators (being the parties most likely to be affected by the realignment) and the Independent Expert on the methodology and outcomes of the Impact Report; and
- provided an information notice to all Goonyella System and relevant GAPE End Users (being those operating in the Goonyella System) summarising the expected operational and financial impacts of the Project.

The Impact Report and subsequent engagement has reaffirmed Aurizon Network's position.

Anglo American is aware of and acknowledges Aurizon Network's position that any Project Costs will not be recovered from users of the declared service. Correspondence from Anglo American in support of this submission is provided at Attachment A.

Confidentiality Claim

Certain information included within this submission is market-sensitive information, the disclosure of which could impact Anglo American's commercial activities. Aurizon Network has redacted the information to be treated by the QCA as Confidential Information for the purpose of s239 of the *Queensland Competition Act 1997* (Qld).

This correspondence and the QCA response may be provided to the Australian Taxation Office as support material to an application for a private ruling under Section 359-10 of Schedule 1 of the *Taxation Administration Act 1953* (Cth).

If you should have any further questions pertaining to this submission, please do not hesitate to contact Michael Bray via email Michael.Bray@aurizon.com.au.

Yours sincerely



Dan Kearney

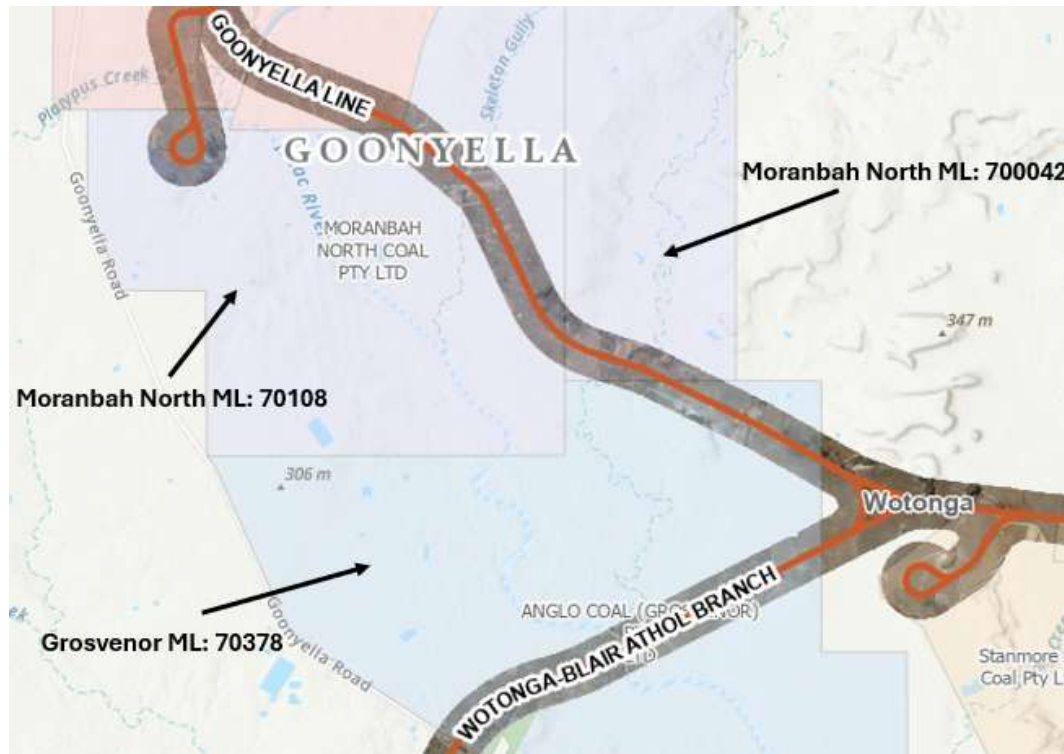
Head of Finance & Regulation

Aurizon Network

Background

Anglo American operates five (5) steelmaking coal mines in Queensland, including the Moranbah North and Grosvenor coal mines. As illustrated in Figure 1 below, both the Moranbah North and Grosvenor mining leases interact with a section of Aurizon Network's Goonyella System mainline.

Figure 1 Proximity of Moranbah North and Grosvenor Mining Leases and the Goonyella System



The Moranbah North and Grosvenor mines are underground mines, with coal being extracted through longwall mining processes. Longwall mining creates an underground void where the overlying rock can collapse, resulting in horizontal and vertical movements at the land surface and an associated risk of track deviation.

When longwall mining or development activities come within 200-500 metres from the rail corridor, Aurizon Network, Anglo American and subsidence expert consultants meet periodically to discuss and monitor the subsidence data, and to assess any adverse impacts of those activities to the extent it may affect the Rail Infrastructure and related Asset Protection Plans.

Anglo American's mine operating plans included [REDACTED]

Figure 2 Relocated Corridor and the existing Goonyella System mainline



Source: Department of Climate Change, Energy, the Environment and Water (DCCEEW) (2026), *Notification of approval decision Moranbah North and Grosvenor Mines rail and pipeline realignment, near Moranbah, Queensland (EPBC 2023/09489)*, DCCEEW, 28 January 2026. Page 20.

████████████████████ Anglo American has engaged with Aurizon Network to jointly design and construct a partial re-alignment of the Goonyella System mainline between Wotonga and Moranbah North Junction (between the 178.826km – 187.334km points on the existing Goonyella System mainline).

The Project relates to one part of the Goonyella System mainline between North Goonyella and Hay Point. Specifically, the replacement of an 8.5km section of the existing Goonyella System mainline with approximately 10.8km of newly constructed Rail Infrastructure, comprised of the same types of assets.

To minimise operational impacts on other supply chain participants during construction, it is anticipated that upon completion of the new alignment, the existing track between the two designated km points on the Goonyella System mainline will be disconnected and removed, and the new alignment will be connected to the existing rail corridor within a closure.

The rail corridor associated with the existing, redundant alignment will be subject to appropriate remediation. It is intended that the new alignment will permanently replace the existing alignment. As such, all assets constituting the existing rail track will either be irreparably damaged, dealt with as industrial scrap or left in place and cease to be used by Aurizon Network.

Objectives

The Project is being undertaken to facilitate the ML Holders meeting relevant obligations under their mining leases at no cost to the railway manager or the Queensland Government. It will:

- allow Anglo American, as operator of the MG Complex, to extract the coal resources under the relevant section of the Goonyella System mainline; and
- mitigate potential adverse impacts on the existing CQCN Rail Infrastructure (e.g. track deviation due to subsidence) by moving the rail line away from the future longwall mining area.

The Project is not a consequence of an application for Access and is not a negotiation for the purpose of UT5. Furthermore, the Project does not create new or additional capacity to facilitate the provision of increased Access. In the absence of ML Holders commercial interests in extracting coal resources under the current rail alignment, there would be no requirement for the Project to provide the declared service (being the use of a coal system for providing transportation by rail).

All Project Costs are to be met by the ML Holders and in such circumstances, it is appropriate that other users of the declared service do not fund the Project through Access Charges. Aurizon Network does not intend to seek approval of capital expenditure associated with the Project under clause 1.3(a) of Schedule E to UT5; the effect being that the Project Costs will be excluded from the RAB for pricing purposes.

Aurizon Network has undertaken an operational and financial impacts analysis which suggests that:

- the Project will have a 'de minimus' impact on operational performance and safety; and
- stakeholders will be at least 'no worse off' because of the Project.

Considering the above, it follows that the Project will create an overall net benefit. Consequently, Aurizon Network is prepared to undertake the Project with the primary objective of improving operational and safety performance (even if minor).

The Project is not an Expansion for the purposes of the Undertaking

Though the Project involves the construction of new Rail Infrastructure that will functionally replace the existing alignment, Aurizon Network submits that the realignment is not an Expansion for the purposes of UT5. Part 12 of UT5 defines an “Expansion” as:

An extension, enhancement, expansion, augmentation, duplication or replacement of all or part of the Rail Infrastructure that on completion forms part of the Rail Infrastructure, excluding:

(a) Customer Specific Branch Lines;

(b) Connecting Infrastructure;

(c) Asset Replacement and Renewal; and

(d) any extension, enhancement, expansion, augmentation, duplication or replacement of all or part of the Rail Infrastructure which is delivered as part of a project the primary objective of which is the improvement of operational safety;

(e) any extension, enhancement, expansion, augmentation, duplication or replacement of all or part of the Rail Infrastructure that is delivered as part of a project the primary objective of which is the improvement of operational performance and that project (Operational Performance Project):

(i) has a de minimus impact on capacity; and

(ii) involves a total capital expenditure of either:

(A) in respect of a single Operational Performance Project, under \$10 million; or

(B) where there has been more than one Operational Performance Project within the same Coal System within a Year, the cumulative total capital expenditure of all Operational Performance Projects within that Coal System within that Year is under \$20 million; or

(iii) has otherwise been approved by the QCA in writing as a project which is not an Expansion for the purposes of this Undertaking.

Table 1 Summary of Aurizon Network’s position in respect of the UT5 Expansion definition

Definition limb	Aurizon Network Position
(a) Customer Specific Branch Lines	Not relevant in the context of the Project
(b) Connecting Infrastructure	Not relevant in the context of the Project
(c) Asset Replacement and Renewal	In the absence of the ML Holders commercial interests, there would be no requirement for the Project to provide the declared service.
(d) ... improvement of operational safety	Any improvement in operational safety is corollary to the primary objective of improved operational performance.
(e) ... Operational Performance Project	Aurizon Network will undertake the Project (at the cost of the ML Holders) with the primary objective of improving operational performance.

Limb (c) Asset Replacement and Renewal

Notwithstanding, the expenditure may be considered asset replacement expenditure in other contexts due to the like-for-like nature of the scope and standard of the existing and new alignment. Aurizon Network submits that the realignment is not Asset Replacement and Renewal expenditure for the purpose of UT5, as it includes:

- Rail Infrastructure which would not expect to be replaced within its current life (i.e. cuttings, drainage works, excavations, land fill and track support earthworks); and
- Rail Infrastructure which has not reached the end of its useful life.

As noted above, in the absence of ML Holders commercial interests in extracting coal resources under the current rail alignment, there would be no requirement for the Project to provide the declared service.

Limb (d) Operational Safety

Having regard to the Expansion definition, it may be reasonable to conclude that an objective of the Project is to maintain the operational safety of the Goonyella System mainline from avoidance of the subsidence risk that long wall mining in the current alignment poses to the Rail Infrastructure and railway operations.

However, this is corollary to the primary objective of improved operational performance as mining under the existing rail corridor would be permissible only with the realignment of the Goonyella System mainline from the Project.

Limb (e) Operational Performance Project

As the Project does not create capacity to facilitate the provision of increased access, nor does it represent Asset Replacement and Renewal expenditure, then the railway manager's primary objective from undertaking the Project is limited to obtaining a minor improvement in the operational performance of the Goonyella System mainline through the 'new for old' replacement of assets and at no cost to itself or other users of the declared service. The minor operational performance improvements arise from:

- increased asset reliability;
- lifting of temporary speed restrictions currently impacting parts of the existing alignment; and
- an expected reduction from the current level of corrective maintenance interventions resulting from installing new Rail Infrastructure.

The UT5 definition of Expansion does not prescribe a materiality requirement for the improvement of operational performance. In addition, while the primary objective of the Project from the perspective of the ML Holders is to obtain economic benefits from the extraction of coal resources under the existing alignment, this is not an objective which is relevant to whether the Project is an Operational Performance Project. An assessment of whether the Project is an Operational Performance Project should only consider the primary objective in respect of how it impacts the provision of below rail services.

Consequently, as a project that will be undertaken by Aurizon Network with the primary objective of improving operational performance (at the cost of the ML Holders), it is open to the QCA to approve Aurizon Network's proposal that the project is not an Expansion for the purposes of UT5, even where the improvement of operational performance is minor.

Furthermore, as the Project is not a consequence of an application for Access or increased Access and is not a negotiation for the purpose of UT5 (i.e. not an Access Condition) then it is reasonable and appropriate for the QCA to conclude that the Project is not an "Expansion" for the purposes of UT5, pursuant to paragraph (e) of the definition of Expansion.

In summary, it is appropriate for the QCA to approve the Project as not being an Expansion for the purposes of the Access Undertaking as:

- Aurizon Network will undertake the Project with the primary objective of improving operational performance (even if it only provides a minor improvement in operational performance);
- the Project has a de minimus impact on capacity and is not necessary to provide new or additional Access Rights;
- there is no requirement for Aurizon Network to develop an Expansion Pricing Proposal under Part 6 of UT5 as the Project Costs will not be funded by or recovered through Access Charges;
- it is not necessary to trigger the Expansion Process under Part 8 of UT5;
- the counterparty would not be classified as an Expansion Funder and any references to Expansion and Expansion Funder would not be applicable to the Project, including any requirement to seek the QCA's approval of the Project Costs; and
- The QCA already has the ability to approve such projects under Clause (e)(iii) of the definition.

Importantly, the exclusion of any Project Costs from the RAB for pricing purposes ensures that Access Seekers and Access Holders are not affected by those Project Costs. As such, consultation with those parties on any form of Pricing Proposal is not necessary.

Pursuant to paragraph (e)(iii) of the definition of Expansion in Part 12 of UT5, Aurizon Network seeks QCA approval that the Project is not an Expansion for the purposes of the Undertaking.

Impact on the value of the Regulatory Asset Base

Project Costs will not be included in the RAB

[REDACTED]

[REDACTED] the costs of the realignment of the rail infrastructure to facilitate longwall mining activities at the MG Complex are to be met by the ML Holders. In addition, the mining leases (ML70108 and ML700042) each contain a specific special condition relating to the requirement for a rail deviation at no cost to the railway manager or the Queensland Government.

The Project comprises:

- works that will be completed by Aurizon Network, with Anglo American / the ML Holders meeting Aurizon Network's costs; and
- works that will be completed by Anglo American / the ML Holders and provided to Aurizon Network on completion.

Noting that the Project will be fully funded by the ML Holders, Aurizon Network would not seek for any Project Costs to be included within the RAB¹. Aurizon Network notes that UT5 does not expressly require Aurizon

¹ Aurizon Network has provided further information in relation to this below.

Network to seek the QCA's approval of capital expenditure other than where it is has received a request to do so by:

- i. an Access Seeker (or its Customer) requiring the capital expenditure project to be able to secure Access Rights;
- ii. an Expansion Funder for the Expansion; or
- iii. an Interested Participant,

who requires Aurizon Network to obtain the QCA's approval of capital expenditure for a project or part of the capital expenditure for a project prior to incurring expenditure on the construction of that project.

On the basis that:

- the ML Holders are required to bear the Project Costs, such that there are no Interested Parties whose Access Charges would be affected by the capital costs of the project;
- the project has a de minimus impact on capacity; and
- in Aurizon Network's view, the Project is not an Expansion for the purpose of UT5,

then there is no requirement for Aurizon Network to seek the QCA's approval of any capital expenditure for its inclusion in the RAB.

In addition, if Aurizon Network was to seek the QCA's approval of any Project Costs, it is unlikely that the QCA would be able to approve that capital expenditure as being prudent and efficient pursuant to clause 2.2(a) of Schedule E to UT5:

The QCA must approve including capital expenditure into the Regulatory Asset Base if that capital expenditure is for the prudent and efficient value of the assets that are used or intended to be used by Aurizon Network to provide the service taken to be declared under section 250(1)(a) of the Act.

As outlined earlier in this submission, the Project does not increase Capacity, nor is it required for new or additional Access Rights. Furthermore, the Project is being undertaken primarily (from the ML Holders' perspective) for the commercial benefit of the ML Holders, including that it will facilitate extraction of resources under the existing alignment, subject to the monitoring of subsidence risk. While the primary objective of the railway manager is to obtain minor improvements in operational performance, these benefits are negligible relative to the Project Costs.

While the costs of the Project may be prudent from the perspective of the ML Holders seeking to extract an economic resource and the public interest is likely promoted as a result of that extraction, such costs are not prudent when considering the efficient investments required to provide the declared service as required by clause 2.2(a) of Schedule E to UT5.

That is, in the absence of the request for the realignment to allow for the economic extraction of a mineral resource under the existing corridor alignment, the Project and any Project Costs are entirely avoidable for the purpose of Aurizon Network meeting its contractual obligations to Access Holders.

Consequently, Aurizon Network does not consider it appropriate for the Project Costs to be included in the RAB nor should any part of the Project Costs (which will be wholly borne by the ML Holders) be recoverable via Access Charges.

Value of existing assets should not be removed from the RAB

Upon construction and commissioning of the Project, all assets constituting the existing rail track will either be irreparably damaged, dealt with as industrial scrap or left in place and cease to be used by Aurizon Network.

Clause 1.1(c) of Schedule E to UT5 states:

(c) if an asset is disposed of during the Year, the value of that asset recorded in the Regulatory Asset Base will be removed from the Regulatory Asset Base unless:

(i) the disposal necessarily results from an Expansion of, or Maintenance Work on, the Rail Infrastructure, in which case the Regulatory Asset Base will be reduced only by the net proceeds, if any, of the sale (on an arm's length basis) by Aurizon Network of the disposed asset; or

(ii) if clause 1.1(c)(i) does not apply, Aurizon Network can demonstrate to the QCA's satisfaction that less than that amount should be removed from the Regulatory Asset Base (in which case the amount approved by the QCA will be removed from the Regulatory Asset Base);

Aurizon Network considers that upon completion of the Project, the value of assets which comprise the existing alignment should not be removed from the RAB.

For the reasons set out above, any asset disposals will not result from an Expansion of the Rail Infrastructure, nor from Maintenance Work. While Maintenance Work is broadly defined, it does not, properly interpreted, include works to be undertaken in respect of the Project. The Project is being undertaken to facilitate the ML Holders meeting relevant obligations under their mining leases; it is not necessary to maintain the Rail Infrastructure.

Aurizon Network submits that in the circumstances of this Project, including that the Project Costs will not be added to the RAB, the QCA should be satisfied that it is appropriate for the value of the assets which comprise the existing alignment to remain in the RAB.

The express purpose of Clause 1.1(c) of Schedule E is to support the financial capital maintenance of prior prudent investments approved for inclusion in the RAB. That is, the RAB is an economic construct for the purpose of returning invested capital to the railway manager. It is drafted from the perspective of ensuring that where assets are destroyed or removed in the process of installing new or replacement assets, then the railway manager can reasonably expect to earn a return on its prior investment at least commensurate with the regulatory and commercial risks involved. This is consistent with the broader requirement in section 138(2) of the *Queensland Competition and Authority Act 1997(Qld)* to have regard to the effect of excluding existing assets for pricing purposes. In the absence of a commitment to retain the value of the existing assets in the RAB for pricing purposes, Aurizon Network has no incentive to undertake a Project which would facilitate the economic extraction of coal resources and promote the public interest.

While a similar economic outcome could be obtained by disposing the existing assets in the RAB and approving a discounted value of new capital expenditure (such that the RAB balance remains unchanged), this could have other unintended consequences such as materially changing Aurizon Network's expected capital recovery profile due to the alternate asset lives of the replacement assets.

Aurizon Network submits that retention of the value of the existing assets in the RAB is appropriate as:

- Aurizon Network is not seeking for any costs associated with the Project to be included in the RAB;
- the ML Holders are required to bear the Project Costs;

- Access Holders and Access Seekers continue to obtain the same benefits as obtained from the disposed assets (i.e. there is no change in the service being provided); and
- optimisation of the RAB in the context of the Project would violate the NPV=0 assumption and impose material economic losses on Aurizon Network as a result of a disposal arising from capital works which are not associated with the negotiation of access, or increased access.

Aurizon Network also notes the new Rail Infrastructure will provide an economic benefit for other existing Access Holders (in the form of avoided renewal costs) where the depreciated assets from the existing alignment are replaced by new assets. Consistent with the exclusion of any Project Costs from the RAB for pricing purposes, on the basis the Project and associated Project Costs are unrelated to the negotiation of new or existing Access Rights, it would not be reasonable to confer an economic benefit to existing users through the removal of the disposed Rail Infrastructure from the RAB. That is, the RAB, Allowable Revenue and Access Charges should be unaffected by the Project Costs.

Aurizon Network requests QCA approval of the following financial treatment - that where Aurizon Network does not seek to include any of the Project Costs in the RAB, then the QCA will not require the residual value of all relevant existing assets to be removed from the RAB, i.e. that the QCA approve a value of \$Nil to be removed from the RAB.

Impact Analysis Report and Stakeholder Engagement

Summary of expected impacts

In November 2025, Aurizon Network completed an Impact Report which assessed the operational and financial impacts of the Project.

Noting that the cost of the Project will be borne by the ML Holders (as per the requirements of the relevant mining leases), Aurizon Network is of the view that on balance, the Project will result in a de minimus improvement of operational performance and safety and that supply chain participants will (at least) be no worse off.

Aurizon Network has summarised the key aspects of the Impact Report below.

Cycle Time Impact

Aurizon Network has completed an operational impact analysis, which considers:

- operational performance across the existing alignment; and
- expected operational performance across the proposed new alignment.

Aurizon Network evaluated the expected section run times (**SRT**) using a simulation modelling approach and having regard to historical (actual) train performance and speed restriction data. While the simulation modelling provides a useful baseline for comparing the existing and new alignment as designed, it does not include assumptions that consider the age, condition or performance of the assets in the existing alignment.

To appropriately evaluate the expected performance outcomes, it is reasonable to assess the modelled SRT outcomes for the new alignment against both the:

- modelled SRT of the existing alignment (**Modelled SRT**); and
- actual SRT of the existing alignment.

Comparison of Modelled SRT

The newly constructed Rail Infrastructure is approximately 2.3km longer than the existing alignment. The simulation modelling completed by Aurizon Network indicates that this additional distance may increase section run times by approximately 4 minutes per return cycle (i.e. 2 minutes in each direction); an increase of approximately 0.3% in the context of the overall cycle time of c. 23 hours.

Impact of Temporary Speed Restrictions (TSR) on actual performance

The comparative analysis of Modelled SRT's does not account for actual infrastructure condition. Parts of the existing alignment between Wotonga and Moranbah North Junction are currently under TSR, which will impact actual transit times. The TSR's in this section have primarily been applied to manage the rate of degradation of the aging track formation, which has experienced failures requiring reactive maintenance.

A review of recent operational data illustrates an increased application of TSR's in parts of the existing alignment between FY22 to FY24. In the absence of the Project, TSRs would continue to be required due to the degrading condition of the formation, with the frequency and duration of those TSR's being dependent on the timing of future renewal works and external factors such as weather.

The new infrastructure installed as part of the Project will replace the aged infrastructure. It is expected that new infrastructure would not require operational restrictions related to infrastructure condition in the near term. Table 2 illustrates:

- at (b), that the impact of average speed restrictions is approximately 0.11 hours; and
- at (d), that the additional distance of the newly constructed Rail Infrastructure has a modelled impact of 4 minutes per return cycle (0.07 hours).

Having regard to actual operational performance outcomes, Aurizon Network expects the completion of the Project to result in an overall net improvement on cycle times in the order of 0.04 hours or 0.18%, when compared to the average cycle time currently being achieved.

Table 2 Average Impact on Cycle Time

Goonyella / GAPE	FY2024
Count of Services	3,810
(a) Average Cycle Time (hrs)	23.07
(b) Average Speed Restriction Wotonga-Moranbah North Junction (hrs)	0.11
(c) Average Cycle Time with speed restriction impact removed (hrs)	22.96
(d) Cycle Time Increase – 4 minutes (expressed in hrs)	0.07
(e) Average Cycle Time (hrs)	23.03
Cycle Time Improvement (hrs) (<i>compare (a) and (e)</i>)	0.04 (or 0.18%)

Source: Aurizon Network data. Trains which travel on the Wotonga – Moranbah North Junction section during FY2024

Cost Impacts

Given the Project will essentially see the replacement of depreciated assets with new assets at no cost to other Access Holders, Aurizon Network considers that the Project will confer an economic benefit to other Access Holders through the avoidance of future asset replacement expenditure on the existing alignment. The nature and materiality of these benefits vary by asset class, but it should be reiterated that:

- the Project Costs will be met by the ML Holders and as a consequence, Aurizon Network's position is that these costs should not be included within the RAB; and
- in the absence of the Project, it follows that Goonyella System Access Holders would have otherwise funded the renewal of Rail Infrastructure in the existing alignment through Access Charges.

Aurizon Network's assessment of rail infrastructure within the existing alignment indicates that while the rail and sleepers have been progressively upgraded over time, the underlying formation remains largely unchanged from its original construction in the 1970's. While the formation has received reactive repairs over time, it has not undergone major renewal. As a result, parts of the existing alignment require ongoing reactive maintenance which can be exacerbated by adverse wet weather conditions.

At a high level, an indicative average cost for formation renewals can be in the order of \$■ - \$■ million per km (subject to change due to a range of factors including site specific conditions). Given the condition of formation in the existing alignment, Aurizon Network expects that the Project would deliver a net financial benefit to other stakeholders in terms of avoided formation renewal costs.

Price Impacts

Noting the challenges faced by the ML Holders in extracting coal resources under the existing alignment, the completion of the Project may contribute to ongoing demand for coal carrying train services and lower prices for future users of the declared service where supply chain capacity exceeds demand. However, the timing and extent of these benefits are highly uncertain and Aurizon Network notes that this ongoing demand may displace other coal supply that otherwise could have utilised the same capacity.

The 'revenue cap' form of regulation in UT5 means that Aurizon Network does not obtain incremental revenue from any additional demand associated with the coal resources under the existing alignment as volume risk is socialised between contracted Access Holders. Similarly, a reduction in operational costs from the minor improvements in operational performance, such as lower maintenance costs for improved asset reliability, ultimately flow to Access Holders through reduced allowable revenues (all else being equal).

Stakeholder Feedback

Following completion of the Impact Report, Aurizon Network engaged with and sought feedback from:

- Rail Operators, who were provided a redacted² version of the report; and
- the Independent Expert, who was provided with the unredacted report on a confidential basis.

Aurizon Network issued an information notice to End Users providing a high-level summary of the expected operational and financial impacts of the Project.

Aurizon Network considers that Rail Operators are the parties most likely to be impacted by the Project by virtue of the additional distance of the proposed new alignment. The requirement for the ML Holders to meet the Project Costs and Aurizon Network's proposal that they be excluded from the RAB for pricing purposes, serves to insulate other parties from any material impact. A summary of the engagement outcomes is provided in Table 3.

² Redactions were made to remove ringfenced information including third party confidential information and operational performance data of individual operators and mine – port combinations.

Table 3 Engagement Summary

Party	Key Themes of Engagement																				
Rail Operators	<p>Aurizon Network engaged with and received feedback from all three Rail Operators who have indicated conditional support for the project.</p> <p>No material concerns have been raised with Aurizon Network.</p> <p>Aurizon Network understands that the conditional support is intended to ensure the Project has no material adverse impact on the current operational performance of the Goonyella System.</p>																				
End Users	<p>Aurizon Network provided all Goonyella System and relevant GAPE End Users (being those located in the Goonyella System) with an information notice, which summarised the expected operational and financial impacts of the Project.</p> <p>Aurizon Network addressed some clarifying questions from one End User and notes that no concerns have been raised.</p>																				
Coal Network Capacity Company (CNCC)	<p>The CNCC was afforded the opportunity to review and provide feedback on the Impact Report and to provide a view on the capacity impact of the Project.</p> <p>The CNCC has indicated that the addition of 2 minutes to both empty and loaded journeys over this section could reduce Deliverable Network Capacity by approximately 170 train paths per year. The CNCC suggests that improved TSR performance could see this impact reduce to 95 train paths.</p> <p>Aurizon Network has assessed this impact against the Deliverable Network Capacity published in the 2025 ACAR. The results (expressed in Train Paths) are as follows:</p> <table border="1"> <thead> <tr> <th>System</th> <th>Impact</th> <th>DNC – ACAR 2025</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Goonyella</td> <td>150</td> <td>14,111</td> <td>1.1%</td> </tr> <tr> <td>GAPE</td> <td>20</td> <td>3,299</td> <td>0.6%</td> </tr> <tr> <td>Total</td> <td>170</td> <td>17,410</td> <td>1.0%</td> </tr> <tr> <td>Total (TSR Adjusted)</td> <td>95</td> <td>17,410</td> <td>0.5%</td> </tr> </tbody> </table> <p>The CNCC suggests that the realignment is expected to have a neutral to modestly negative capacity impact, but notes that demand for this capacity is currently below full contract levels. Importantly, when considering demand and changes in future contract levels, the CNCC concludes that any practical shortfall against contractual capacity is unlikely.</p>	System	Impact	DNC – ACAR 2025	%	Goonyella	150	14,111	1.1%	GAPE	20	3,299	0.6%	Total	170	17,410	1.0%	Total (TSR Adjusted)	95	17,410	0.5%
System	Impact	DNC – ACAR 2025	%																		
Goonyella	150	14,111	1.1%																		
GAPE	20	3,299	0.6%																		
Total	170	17,410	1.0%																		
Total (TSR Adjusted)	95	17,410	0.5%																		

Concluding Remarks

Aurizon Network notes the following:

- The Project is not a consequence of an application for Access or increased Access and is not a negotiation for the purpose of UT5 (not an Access Condition);
- The Project is being undertaken at the request and cost of the ML Holders for the ML Holders to extract resources under the existing alignment and in the absence of those resources, there would be no need for the Project;
- From Aurizon Network's perspective, the objective is to improve operational performance (noting the cost of undertaking the Project will be borne by the ML Holders);
- Through consultation, there are no concerns raised by stakeholders who are most likely to be impacted; and
- Any Project Costs will not be included in the RAB as those Project Costs are not related to increasing Capacity or to provide additional or new Access Rights.

While Aurizon Network's simulation modelling suggests that the length of the new alignment could see a minor operational impact (in terms of increased cycle time), the Impact Report concludes that the modelled impact is de minimus in the context of the overall cycle times prevalent in the Goonyella System and when having regard to the impact of actual operational performance (i.e. when current TSR's are considered). These impacts are likely offset by the avoidance of future asset replacement expenditure on the existing alignment.

Notwithstanding any benefits to other stakeholders, Aurizon Network's proposed position to exclude any Project Costs from the RAB and to retain the existing assets within the RAB is intended to ensure neither Aurizon Network or Access Holders/Seekers are any worse off from the Project proceeding and that the ML Holders bear the Project Costs as intended.

In such circumstances, Aurizon Network seeks QCA approval that:

- pursuant to paragraph (e) of the definition of Expansion in Part 12 of UT5, the Project is not an Expansion for the purpose of UT5 (with the consequence that Aurizon Network will not seek QCA approval to include any Project Costs in the RAB); and
- pursuant to clause 1.1(c) of Schedule E to UT5, to the extent that existing assets are disposed of as a result of the Project, the QCA will not require the residual value of those assets to be removed from the RAB.

Appendix 1: Correspondence from Anglo American