Queensland Competition Authority

File ref: 2086129

27 November 2026

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

Dear Ms Peppler

Aurizon Network's 2025–26 capital expenditure claim

On 26 November 2026, the Queensland Competition Authority made a decision to accept Aurizon Network's 2025–26 capital expenditure claim of $321.0 million (including interest during construction) for inclusion into the regulatory asset base.

A summary of the QCA's review of the 2025–26 capital expenditure claim is in the attached decision notice. 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).

If your staff have any questions about this decision notice, they can contact Duncan Coutts on 07 3222 0517 or by email at duncan.coutts@qca.org.au.

Yours sincerely



Tom Gole
Chief Executive Officer

cc: Jon Windle, Manager Regulation – Network
Michael Bray, Undertaking Development Lead Network Finance and Regulation

Queensland Competition Authority

Decision notice

Aurizon Network's 2025–26 capital expenditure claim

27 November 2026

The Queensland Competition Authority has approved Aurizon Network's 2025–26 capital expenditure claim of $321.0 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 prudency 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 4 September 2026, Aurizon Network submitted its 2025–26 capital expenditure claim for $321.0 million, including interest during construction (IDC).[2] The claim relates to expenditure for assets commissioned in the 2025–26 financial year. This includes expenditure that was included in the 2025–26 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 2025–26.

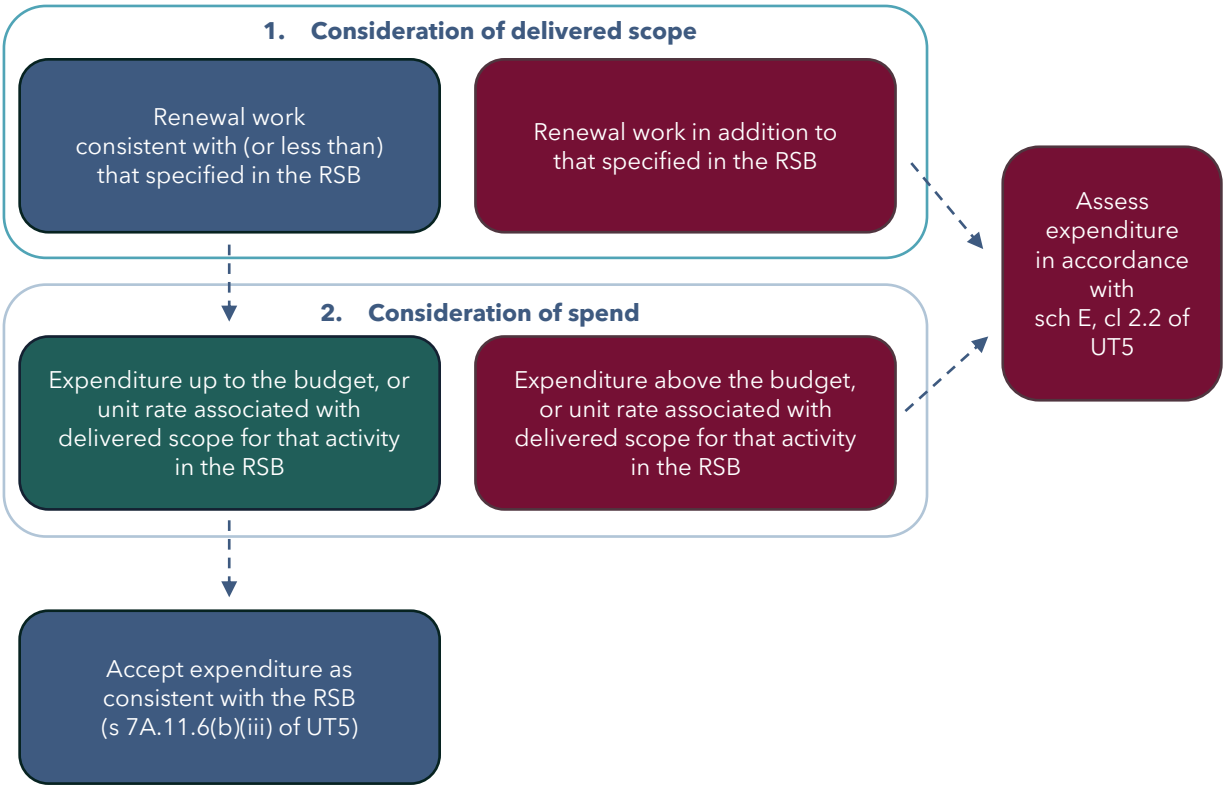
Our assessment approach

We have assessed Aurizon Network's 2025–26 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).[3] To the extent Aurizon Network's claim departs from an approved RSB, we assess the prudency 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.

[1] UT5, sch E, cl 2.2(a).
[2] Aurizon Network, *Aurizon Network 2025–26 capital expenditure claim*, September 2026 (Aurizon Network proposal).
[3] UT5, cl 7A.11.6(b).

Figure 1: Approach for assessing expenditure under an approved RSB



This year, users approved an RSB for 2025–26 for all systems.

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.

This year, we engaged independent consultant (Arcadis) to assist with aspects of our assessment. Arcadis undertook a desktop assessment of the prudency and efficiency of the control systems in the Blackwater, Goonyella and Moura systems.[4] It found that the scope, standard and cost were prudent and efficient and recommended that the QCA accept those items in full.[5] We have had regard to Arcadis' advice as one input into our assessment task.

Consultation

We provided stakeholders with an opportunity to comment on the prudency and efficiency of Aurizon Network's capital expenditure claim. This included providing their views on the consistency of expenditure with the approved 2025–26 RSBs and the prudency and efficiency of expenditure that was either inconsistent with these RSBs or had otherwise been undertaken. We did not receive any stakeholder submissions in response.

[4] A copy of Arcadis' report is available on our website in the *Capital expenditure claim* section.
[5] Arcadis also made a number of suggestions to make future claims more transparent and reduce the risk of double counting including through asset-level and program-level reconciliations, transparently allocating shared costs between systems, and reporting deferrals and cost overruns in a timely and consistent manner.

QCA assessment and decision

Capital expenditure

Based on the information available, we consider it is appropriate to accept Aurizon Network's 2025–26 capital expenditure claim in full.[6]

We are satisfied that $241.3 million of the claimed expenditure (excluding IDC)[7] is consistent, both in terms of scope and cost, with the approved 2025–26 RSBs. The remainder of the approved amount ($72.8 million, excluding IDC) has otherwise been assessed as prudent and efficient. This is largely expenditure for works rolled over from previous years ($47.8 million). It also included $23.5 million for works that either exceeded the budget or failed to deliver the agreed scope in the 2025–26 RSBs.[8]

For this expenditure outside of the approved RSBs, we had regard to information provided by Aurizon Network and Arcadis' advice (for control system assets). We consider there were reasonable grounds to undertake the works, and the standard of works is fit for purpose – and the total spend is reasonable given the circumstances.

We note that a portion of the reactive expenditure exceeded the approved scope, standard and cost parameters of the renewals budget, particularly in relation to turnout and formation works. While these variances were generally not material in the context of the overall capital expenditure claim, we consider that there would be value in Aurizon Network undertaking additional consultation with users to address the issue that reactive renewal works currently exceed budget assumptions.[9]

We are satisfied that Aurizon Network 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] 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.
[7] Totals may not add due to rounding.
[8] Includes $1.1m in expenditure for rail renewal brought forward from 2026–27 considered prudent and efficient and also includes $0.5m in expenditure for works completed for projects that were outside the approved RSBs.
[9] We received no submissions from users on Aurizon Network's reactive works having exceeded both budget and scope.

Table 1: Approved capital expenditure amounts for 2025–26 ($m)

Asset type	Approved expenditure (excl IDC)	IDC	Approved expenditure (incl IDC)
Permanent way	$72.0	$0.9	$72.9
Ballast cleaning	$111.2	$1.2	$112.4
Structures	$31.3	$1.0	$32.3
Civil renewals	$44.4	$0.7	$45.2
Control systems	$32.6	$1.8	$34.4
Electrical assets	$22.1	$1.3	$23.4
Non-RSB	$0.5	$0.0	$0.5
Total	**$314.1**	**$6.9**	**$321.0**

Note: Totals may not add due to rounding.