

Submission in response to QR's 2024/25 Capital Expenditure Claim

27 February 2026



1 Introduction

This submission is provided in relation to Queensland Rail's (**QR**) 2024/25 capital expenditure claim submitted to the QCA under Queensland Rail's Access Undertaking for that period (**AU2**).

The submission is provided by:

- (a) Yancoal as operator of the Cameby Downs mine; and
 - (b) New Hope as operator of the New Acland mine,
- (together the **West Moreton Producers**).

As the access holders on the West Moreton network, the West Moreton Producers are exposed to the adverse pricing outcomes arising from over-investment and bear the risks of under-investment in terms of outages and speed restrictions.

The West Moreton Producers thank the QCA for the opportunity to comment on the capital expenditure claim, and whether the capital expenditure claims meets the applicable undertaking requirements for being approved as part of the regulated asset base (**RAB**), being prudence in scope, standard and cost.

Setting investment at an appropriate level is important for the future of the West Moreton network and the haulage and coal mining businesses that rely on it.

2 Context

The West Moreton Producers submit that the assessment of prudence should take into account the current context, namely:

- (a) continued low coal prices – such that affordability of tariffs remains a concern as addressed in submissions across multiple undertakings;
- (b) production on the West Moreton system, not currently reaching the 7.5 mtpa anticipated. QR submissions in previous undertaking processes highlighted that significant capital works were required due to expected higher tonnages and full utilisation of capacity. Those planning assumptions no longer seem relevant with the cessation of production from New Wilkie; and
- (c) a high fixed cost, and low volume (by the standards of bulk railways), rail system.

In that context we have concerns that QR is investing capital in the West Moreton network at a rate that is not prudent in the economic circumstances. In particular, we are concerned that alternatives like deferring capital expenditure or spreading it over a longer period of time have not been sufficiently considered. While we respect the need to meet safety standards, it is not evident that safety or legal compliance issues necessitate all of the capital incurred or proposed.

3 Process concerns

As the QCA knows, a significant issue considered in relation to QR's now current Access Undertaking (**AU3**) was the need for QR to engage in greater customer consultation in relation to major capital expenditure projects (coupled with the potential for customer pre-approval of prudence of projects).

While we appreciate that under the transitional provisions the current claim has been prepared in accordance AU2, so the AU3 consultation provisions would not apply, there has been no pre-investment consultation on individual major projects of the type considered appropriate by the QCA in the recent undertaking process.

The consultation QR refers to in section 5.5 of its capital expenditure claim is acknowledged as an improvement on what had previously occurred, but a consultation that is more than 6 years old, conducted at a time when the demand outlook was more uncertain, has not provided the West Moreton Producers with an ability to assess the need for, or prudence of, the capital projects in question.

4 Comments on specific projects

To the extent that we are able, based on the limited information available, the West Moreton Producers provide the following comments on the specific projects QR has reported on.

From the West Moreton Producers' perspective it appears there is a strong capital expenditure and engineering focus within QR as to how to solve perceived issues, and potentially not as rigorous consideration of the trade-offs that might be involved in less capital expenditure heavy alternatives. The economics of West Moreton rail system are challenging, and the West Moreton Producers' submit that there needs to be a greater economic focus in investment decisions than has previously been the case.

The West Moreton Producers do not, from the information available to them, have confidence that each of the major projects has a robust business case which reflects the four-part approach the QCA referred to its guideline on climate change-related spending and in the QCA's final decision on AU3 (see QCA, *Climate change related spending guideline*, September 2023 at 7 and QCA, Final Decision, *Queensland Rail 2025 draft access undertaking* at 100-102). The West Moreton Producers agree with the QCA's view from those decisions that:

- (a) spending is most likely to be efficient if it is based on a reasoned to prudent medium to long term strategy which is agreed on a consensus basis with customers and reflects their service requirements and cost and risk preferences, reflecting the legitimate interests of both users and QR;
- (b) that strategy should be supported by business cases that explain how proposed specific investment align with the strategic goals; and
- (c) specific spending proposals should reflect an approach focused on demonstrated need, consultation, consideration of options and efficient cost.

The West Moreton Producers request the QCA:

- (a) seek for users to be provided with greater disclosure in relation to the capital projects so as to be able to make more meaningful submissions; and
- (b) scrutinise the prudence of the projects referenced – particularly high cost items like rail reconditioning and formation strengthening, and consider whether it would be more prudent to adopt a lower capital expenditure solution even if doing so involved some level of trade-offs.

Project	Submissions
B.05577 Greasers Replacement/Upgrades	<p>It is very difficult to assess whether this project is prudent, where:</p> <ul style="list-style-type: none"> • there appears to be no data referenced as to what the wear rates were prior to the 'sharp increase' and what the post-works outcomes on the wear rates actually was (i.e. how effective the works were in combating the concern); • no detail is provided of any cost savings beyond that the upgrade 'has provided reliability and ease of maintainability'

	<ul style="list-style-type: none"> it is not clear whether any above rail investment was considered as an alternative to mitigating noise issues and wheel flange wear rates
B.05602 Telecom Nera and Rectifier Replacement	It is very difficult to assess whether this project is prudent where it is not clear whether a partial replacement or replacement over a longer period was considered as an alternative
B.05649 Bridge Renewal West Moreton	<p>The West Moreton Producers understand the longstanding issues of timber bridge replacements or renewals, but it is very difficult to assess whether this project is prudent where:</p> <ul style="list-style-type: none"> there is no detail provided in relation to specific bridges; and it is not clear whether (and how) alternatives were considered – such as deferral through continued speed restrictions and higher maintenance costs or alternative renewal investments (reinforcement rather than replacement) or renewal being spread over a longer period
B.05650 – Reconditioning West Moreton 21-23	<p>The West Moreton Producers understand the need for some rail reconditioning, but it is very difficult to assess whether this project is prudent where:</p> <ul style="list-style-type: none"> it is not clear how much more rail needs this level of reconditioning in future years (i.e. how much further 41 kg rail track is there that needs reconditioning if this approach continues to be adopted) it is not clear how the alternatives were considered – i.e. the trade-off of higher maintenance and/or speed restrictions if the reconditioning does not occur, or occurs over a longer period of time, is not quantified and only described as 'maintenance intensive'
B.05651 West Moreton Rerail Kingsthorpe to Oakey	It is very difficult to assess whether this project is prudent where it is not clear whether alternative renewal/reconditioning investments were considered as an alternative to this rerailing:
B.05655 Level Crossing Upgrades West Moreton	It is very difficult to assess whether this project is prudent where it is not clear whether alternative upgrades were considered or upgrades being spread over a longer period was considered
B.06156 WM Formation Strengthening Willowburn to Kingsthorpe	<p>The West Moreton Producers understand the difficulties posed by black soil formations, but it is very difficult to assess whether this project is prudent where:</p> <ul style="list-style-type: none"> the cost per km of this works seems very high the anticipated impact on speed restrictions and rail buckling of these works has not been quantified
B.06159 Sleepers with gauge issue and Range rerail	<p>It is very difficult to assess whether this project is prudent where:</p> <ul style="list-style-type: none"> no data has been provided on the extent and frequency with which each curve was requiring intervention to ensure

	<p>compliance with CETs and continued safe operation (in the absence of this further capital work)</p> <ul style="list-style-type: none"> it is not clear whether (and how) these works being spread over a longer period was considered
B.05085 Pedestrian Crossing Upgrades (Regional)	<p>It is very difficult to assess whether this project is prudent where:</p> <ul style="list-style-type: none"> it is not clear how the urgency of this particular cross (North Street in Toowoomba) compares to alternative priority pedestrian crossing areas; and it is not clear whether these works being spread over a longer period (with an acknowledged risk of potentially higher risk reactive repair) was considered and how such an alternative was weighed against the .
Ballast Undercutting	<p>It is very difficult to assess whether this project is prudent where:</p> <ul style="list-style-type: none"> there is no business case (acknowledging QR's reasoning for why that is the case in the context of the nature of these activities); and even though it is understood that ballast undercutting is to some degree routine and maintenance-like in nature, there is no real rationale provided for why this particular level of ballast undercutting is prudent to undertake.

5 Conclusion

Based on the limited information available, the West Moreton Producers request the QCA:

- (a) seek for users to be provided with greater disclosure in relation to the capital projects so as to be able to make more meaningful submissions (and provide an extension to the period for doing so following such information being available); and
- (b) carefully scrutinise the prudence of the projects referenced, particularly for those of material dollar value or where there is limited evidence of consideration of lower cost alternatives, where the West Moreton Producers are highly reliant on the QCA and its consultants for such a meaningful assessment being made.

As always, please do not hesitate to contact Pauline Ahern of Yancoal on [REDACTED] [REDACTED] and Jeri Mules of New Hope on [REDACTED] [REDACTED] if you have any queries in relation to this submission.