

A high-angle photograph of a railway track system at sunset. The tracks curve through a landscape with hills in the background. The sky is a mix of orange and blue, with the sun low on the horizon. Overhead power lines and support structures are visible along the tracks. The overall mood is serene and industrial.

Aurizon Network
2017 Access Undertaking
FY26 Maintenance Costs Claim

September 2026



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1. Executive Summary

1.1 Overview

Aurizon Network Pty Ltd (**Aurizon Network**) is the accredited Rail Infrastructure Manager of the Central Queensland Coal Network (**CQCN**), the largest open-access coal rail network in Australia and one of the country's most complex rail freight networks. The CQCN is comprised of over 2,670 kilometres of heavy haul railway track, linking more than forty mines to five coal export terminals across four major Coal Systems and the Goonyella to Abbot Point Expansion (**GAPE**).

Third party access to the CQCN is regulated by the Queensland Competition Authority (**QCA**) and managed in accordance with the 2017 Access Undertaking (**UT5**). UT5 provides for customer involvement in the development and assessment of Aurizon Network's Maintenance and Renewal Strategies and Budgets (**MRSB**) for each year and for each Coal System.

Following consultation with stakeholders and the Rail Industry Group (**RIG**), Aurizon Network's final draft MRSB for the Financial Year ending 30 June 2026 (**FY26**) was provided to the Chair of the RIG on 21 January 2025. On 14 February 2025, the Chair of the RIG advised Aurizon Network and the QCA that the relevant Special Majority of End Users had approved alternative FY26 Maintenance Strategies and Budgets (**MSB**) for each Coal System. The RIG considered that:

- additional information was required to demonstrate the need for costs associated with the targeted drainage program and rail maintenance; and
- Aurizon Network should target additional cost efficiencies for labour (in civil infrastructure and electrical disciplines), contractor spend, consumables and materials costs.

Aurizon Network accepted the alternative MSB for each Coal System, and these were subsequently submitted to the QCA for approval as part of the FY26 review of Reference Tariff process.

During FY26, Aurizon Network has implemented the approved MSB for each Coal System, noting that its performance reflects the benefit of labour efficiency initiatives that were affected following discussions with the RIG. Aurizon Network confirms that the CQCN maintenance program has been delivered having regard to the UT5 Maintenance Objectives (**Maintenance Objectives**). Specifically:

- Seeking to ensure that Committed Capacity is delivered;
- Appropriately balancing cost, reliability, and performance of the Rail Infrastructure; and
- Coordinating outages with other Supply Chain Participants wherever reasonably possible with a view to maximising throughput.

In doing so, Aurizon Network notes that some cost and scope variances do exist in comparison to the approved MSB for each Coal System. It should be noted that when developing the approved MSB, Aurizon Network is required to forecast maintenance scope and cost up to 18-months in advance of execution. A degree of variation is expected due to the dynamic nature of linear heavy haul Rail Infrastructure in which asset condition and criticality can change due to normal railway operations, meteorological and environmental factors and relative degradation rates.

1.2 Maintenance Costs Claim

Aurizon Network submits for QCA approval, its Maintenance Costs Claim for FY26. The Maintenance Costs Claim reflects:

- the actual Direct Maintenance Costs incurred by Aurizon Network during the year; and
- an adjustment to remove maintenance expenditure on Rail Infrastructure used by non-coal Train Services.

Please note that the Direct Maintenance Costs incurred by Aurizon Network are consistent¹ with the amounts communicated to Customers on:

- 7 August 2026 as part of the RIG quarterly report for FY26 Q4; and
- 17 August 2026 as part of the Quarterly RIG Forum group presentation.

In addition, this maintenance costs claim includes an adjustment for costs that were incurred in FY25 to realise labour efficiency savings. Aurizon Network engaged with the RIG in respect of this matter and updates were provided during FY26, including through quarterly reporting. In its feedback in respect of the FY27 MRSB, the RIG noted that redundancy costs should be recognised across a reasonable timeframe (up to 3 years). In recognition of this request, Aurizon Network seeks to recover these costs over two (2) years via an adjustment to the FY26 and FY27 maintenance costs claims.

Budget

The FY26 MSB provided for an approved maintenance budget of \$202.7m. To establish the Direct Maintenance Costs Allowance, the approved maintenance budget was adjusted to remove an allocation for expected non-coal maintenance costs (estimated at \$1.2m).

The approved maintenance budget for each Coal System is outlined in Table 1 below.

Table 1 FY26 Approved Maintenance Budget for each Coal System (\$m)

System	Approved Maintenance Budget (\$m)	Non-Coal Allocation (\$m)	Direct Maintenance Costs Allowance (\$m)
Blackwater	87.1	(0.9)	86.2
Goonyella	81.0	(0.1)	80.9
Moura	18.3	(0.1)	18.2
Newlands / GAPE	16.4	(0.1)	16.4
Total CQCN	202.7	(1.2)	201.6

Please note that as part of the FY26 review of Reference Tariffs, the Maintenance Indicator for Blackwater was reduced by approximately \$1.0m to reflect revised pricing arrangements for a customer utilising mine specific infrastructure.² As a result, the value of Direct Maintenance Costs included within the approved FY26 Allowable Revenue and Reference Tariffs for the Blackwater System is approximately \$85.2m. The impact of this adjustment will be considered as part of the

¹ Some variances may exist due to rounding and the removal of maintenance expenditure on Rail Infrastructure utilised by non-coal Train Services.

² QCA (2025), Decision Notice, Annual review of reference tariffs, 2025-26. 15 May 2025, pg. 5. Available at: <https://www.qca.org.au/wp-content/uploads/2025/05/qca-aurizon-network-2025-26-review-of-reference-tariffs-decision-final.pdf>

FY2026 Revenue Adjustment Amounts process, specifically, as part of the maintenance costs reconciliation outlined in part 4.3(c)(ii) of Schedule F to UT5.

Actual Expenditure

During FY26, Aurizon Network incurred total direct maintenance costs of \$208.4m, with actual non-coal maintenance expenditure equating to \$2.6m. This represents an over-spend of approximately \$4m after adjusting for non-coal expenditure. As noted above, this maintenance costs claim also seeks partial recovery of costs incurred by Aurizon Network relating to labour efficiency initiatives. The allocation of these costs to each Coal System reflects the proportion of actual internal labour costs incurred during FY25; being the year in which the labour efficiency costs were incurred.

The FY26 maintenance cost claim for each Coal System is outlined in Table 2 below.

Table 2 FY26 Maintenance Costs Claim for each Coal System (\$m)

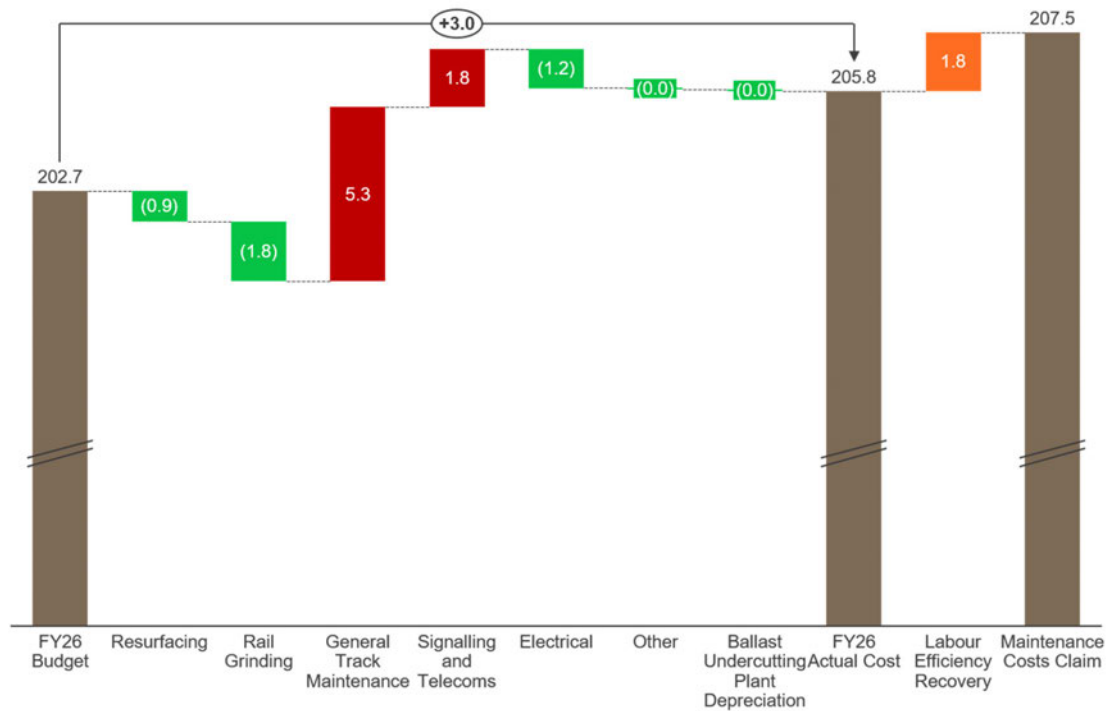
System	Actual Maintenance Cost Incurred (\$m)	Actual Non-Coal Expenditure (\$m)	Labour Efficiency Recovery	Maintenance Costs Claim (\$m)
Blackwater	86.1	(1.52)	0.75	85.3
Goonyella	82.2	(0.04)	0.74	82.8
Moura	20.4	(0.93)	0.15	19.6
Newlands / GAPE	19.7	(0.14)	0.14	19.7
Total CQCEN	208.4	(2.63)	1.78	207.5

The difference between the actual maintenance costs approved by the QCA for each Coal System will be reconciled through the Revenue Adjustment Amounts process under Schedule F, Clause 4.3 (c)(ii) of UT5.

Maintenance cost variations for the CQCEN in aggregate

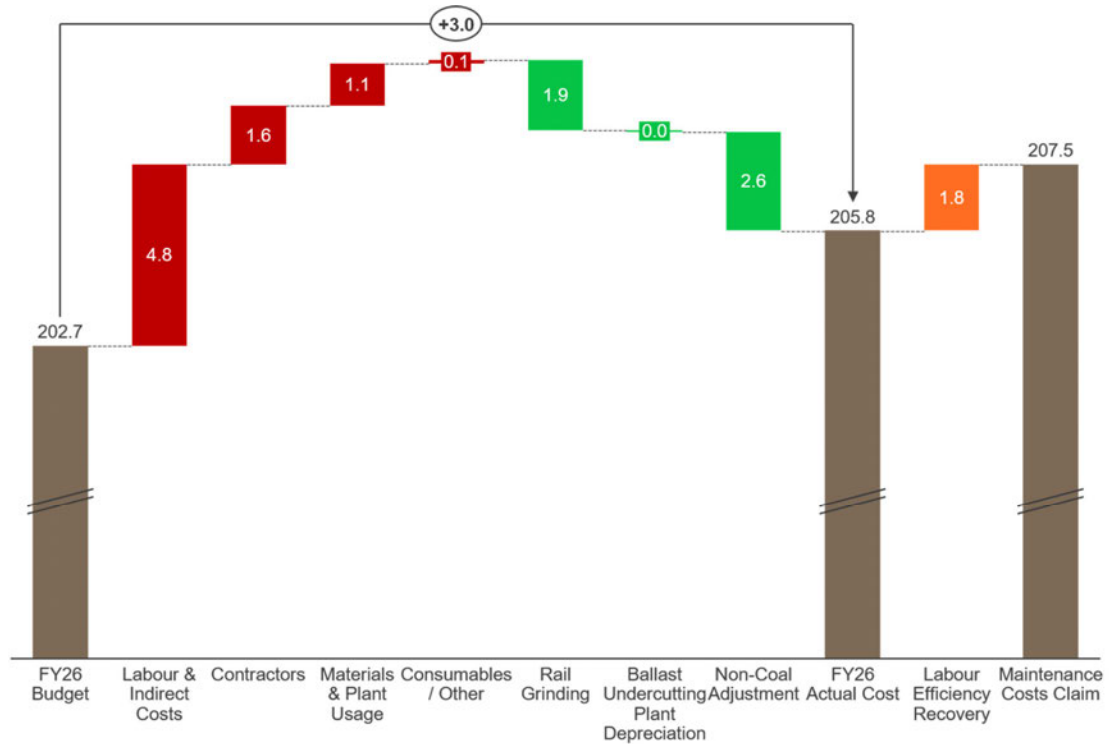
Figure 1 below illustrates (for the CQCEN in aggregate), the key variances between budget and the Maintenance Costs Claim. Variances are presented by maintenance activity.

Figure 1 CQCN – FY26 CQCN Maintenance Cost Variations to Budget by Maintenance Activity (\$m)



The variance to budget by cost type is illustrated in Figure 2 below.

Figure 2 CQCN – FY26 Maintenance Cost Variations to Budget by Cost Type (\$m)



The key drivers of overspend in these categories are generally consistent across all Coal Systems and are described in Table 3 below.

Table 3 Key drivers of CQC maintenance variance to budget

Driver	Description
Labour and Indirect Costs ³	During the year, several factors resulted in additional Labour and Indirect costs being incurred across all systems within Mechanised Production, Civil and Electrical disciplines. These additional costs have primarily impacted the Resurfacing, General Track, Electrical and Signalling & Telecommunications categories and are described in further detail below. Mechanised Production Resurfacing Labour Resurfacing teams support maintenance, renewal and plant maintenance activities. Where activity level requirements vary from the budget assumptions, labour costs may actualise differently between activities and systems. During FY26, the labour allocation to resurfacing maintenance increased overall. While the reduction in resurfacing trade operator FTE (labour efficiency initiative) resulted in some savings, remaining trade resources were prioritised for production work, rather than plant maintenance activities. While additional costs were allocated to resurfacing production labour, these were directly offset by a reduction in the labour allocated via the resurfacing plant rate (plant maintenance labour), reducing plant costs incurred. Civil Infrastructure Labour The General Track maintenance category saw an increase in Civil Infrastructure Labour & Indirect costs, predominately driven by the additional resourcing requirements to support; • Corrective Rail and Turnout Maintenance activities • Internalisation of vegetation management activities The Civil Infrastructure team supports both maintenance and renewal activities, and where activity level requirements vary from the budget assumptions, Aurizon Network may incur labour costs differently across maintenance and renewal programs. Following the increase in corrective rail maintenance activity levels, additional internal resources were required to support the maintenance program during FY26. This is a key driver of the variance against budget for the Newlands System, noting that in FY26, Newlands experienced higher levels of corrective maintenance activities across rail, turnout, level crossing and corridor maintenance activities, and targeted vegetation management than provided for in the MSB. The FY26 approved budget for General Track, including the assumed level of Civil Infrastructure labour support, was largely informed by historical costs incurred between FY22 to FY24. During the finalisation of the FY26 MSB, Aurizon Network discussed the higher levels of Rail Maintenance defects which had presented during H1 FY25 with the RIG Producer Group. When communicating the voting outcomes in respect of the FY26 MSB, the Chair of the RIG requested that the budget reflect the historical activity levels, noting the opportunity for Aurizon Network to seek QCA approval of additional costs if the higher failure rate continues. While additional costs have materialised across all systems, the increase has been offset by delays in recruitment in some depots due to the ability to attract and retain skilled labour. Electrical Systems Labour Signalling & Telecommunications, Trackside Systems and General Track categories saw an increase in Electrical Systems Labour & Indirect costs predominately due to: • Improvement in Retention Rates - Following attraction and retention challenges experienced in prior years, Aurizon Network implemented strategies to attract and retain qualified tradespeople in critical locations and mitigate attrition. As a result, the Control Systems North team has seen an improvement in retention in Signalling Electricians, resulting in a lower vacancy rate and consequently a higher level of labour resource and costs than was assumed in the FY26 approved budget (FY26 Budget assumed a vacancy rate of ~4%).

³ Indirect costs refer to minor consumables, materials and depreciation incurred to facilitate staff in the delivery of maintenance and renewal activities within the depots (e.g. travel and accommodation, PPE, other minor depot costs).

Driver	Description
	• Activity & System Mix Variation - Labour cost allocations are a function of system and activity mix assumptions. The FY26 MRSB was informed by historical actuals across the FY22 to FY24 period for both corrective maintenance and capital renewal activities. These years were impacted to a certain extent by labour shortages, significant wet weather and prioritisation of critical works. Where required, maintenance and renewal activities may be prioritised for a variety of reasons (e.g. ensuring network reliability, providing on call support, responding to wet weather impacts or increases in corrective maintenance requirements). Some of these factors played out during FY26 which contributed to system and activity mix variation. As a result of the largely fixed labour cost nature of the workforce, the FY26 actual maintenance costs reflect an allocation of additional resource requirements across systems, where electrical corrective and preventative maintenance activities were prioritised to ensure network reliability. • General Track Support – The Electrical Systems teams provide electrical support within the delivery of corrective maintenance activities. Following the increase in corrective activity levels and vegetation requirements, a higher level of labour allocation from General Track, has actualised during FY26.
Contractor Costs	Aurizon Network supplements its labour and plant resources with externally procured contractors where specialist equipment / skills are required, or where a large volume of activity is to be delivered concurrently. Contractors primarily support General Track Maintenance, Structures and Signalling and Telecommunications works. The following factors saw Aurizon Network incur additional contractor costs in FY26. Rail & Turnout Maintenance An increase in corrective activity levels for both Rail Maintenance and Turnout maintenance required additional external contractor support to: • execute work in line with CETS requirements; • supplement internal resource levels in light of increased activity levels during the year. Minor Undercutting Maintenance Additional contractor resources were required to support higher levels of corrective 'Other Civil' and 'minor undercutting maintenance' activities to maintain asset condition. Additionally, several complex sites delivered in Q2 required a higher level of external support to deliver minor undercutting and associated re-stressing activities. Internalisation of Vegetation Management Aurizon Network has internalised vegetation maintenance activities across the Moranbah and Blackwater districts where these can be completed by internal Civil Infrastructure resources. The associated increase in internal labour allocations was offset by a reduction in external contractor support costs, noting that contractors were previously engaged to complete this cyclical work. Contractor costs were also impacted by critical vegetation and tree management works undertaken on Black Mountain, and the introduction of an aerially deployed granular herbicide application.
Materials & Plant Usage	Reflects the cost of materials (ballast, rail, sleepers etc) and cost associated with plant and equipment owned by Aurizon Network. Resurfacing Plant For budgeting purposes, costs associated with resurfacing plant are allocated to each system on a proportional basis, informed by the operational days that resurfacing plant is expected to be used in that system. A change in actual operational days has resulted in some variation. Additionally, plant maintenance costs in FY26 were lower than budget following an increase in resurfacing team labour allocations, with trade resources being prioritised for production work, rather than plant maintenance activities. This has resulted in a reduction in the labour allocated via the resurfacing plant rate (plant maintenance labour), reducing plant costs incurred. This reduction was offset by an increase in direct resurfacing labour costs (as indicated above).

Driver	Description
	Rail Maintenance Materials A higher level of corrective rail maintenance activity was executed during FY26 consequently requiring a higher level of material usage. General Track Corrective Materials In FY26, Aurizon Network has experienced an increase in the plant allocation to support Level crossing and Top and Line resurfacing maintenance activities. Signalling & Telecoms Corrective Materials Corrective and preventative electrical maintenance activities were prioritised at times during FY26 to ensure ongoing network reliability. This focus led to an increase in the volume of completed activities and, consequently, higher consumption levels of materials and inventory.

Maintenance Cost Claim for Individual Coal Systems

Aurizon Network's FY26 Maintenance Cost Claim for each Coal System is presented in Table 2 above.

Aurizon Network confirms that the costs incurred for some maintenance 'items' have exceeded the UT5 materiality threshold (i.e. +/- \$2 million). These items are summarised in Table 4 below, noting that expenditure in the Blackwater System and Moura System did not exceed the threshold.

Table 4 Maintenance Items exceeding the UT5 materiality threshold by Coal System

System	Item	Budget (\$m)	Cost Incurred (\$m) <i>Excl Non-Coal</i>	Variance (\$m)
Goonyella	General Track	20.7	23.7	3.1
Newlands	Total	16.4	19.6	3.2

For the Newlands System, Aurizon Network and the RIG have agreed that the maintenance budget in its entirety should be considered a maintenance 'item' when assessing costs against the UT5 materiality threshold. The actual general track maintenance spend in Newlands has driven an aggregate variance of \$3.2 million against the Approved Maintenance Strategy and Budget.

As foreshadowed in the report provided to the RIG in respect of FY26 Quarter 4, after adjusting for non-coal expenditure, general track maintenance spend in the:

- Goonyella System exceeded budget by \$3.07m; and
- Newlands System exceeded budget by \$2.6m.

In respect of the maintenance items outlined in Table 4, Aurizon Network considers that, consistent with clause 7A.11.3(q), the additional costs incurred during FY26 were prudent, necessary and incurred solely for the purpose of promoting the safety, reliability, and performance of the Rail Infrastructure. Consequently, these costs are prudent, efficient and should be approved.

Aurizon Network confirms that there are no other items within the Maintenance Costs Claim for a Coal System that differ in a material respect (i.e. exceeding +/- \$2m) when compared to the corresponding item in the Approved Maintenance Strategy and Budget. The FY26 Maintenance Cost Claim for each Coal System in respect of these items meets the requirements of clause 7A.11.5(f) of UT5. These costs are consistent with the Approved Maintenance Strategy and Budget and should be approved.

1.3 Form of Submission

This submission outlines all matters that are relevant to the Maintenance Cost Claim and is structured as follows:

Section 2	Provides an overview of the Regulatory Process relevant to the QCA's assessment of Aurizon Network's Maintenance Costs Claim
Section 3	Blackwater System Maintenance Cost Claim
Section 4	Goonyella System Maintenance Cost Claim
Section 5	Moura System Maintenance Cost Claim
Section 6	Newlands System and GAPE Maintenance Cost Claim
Section 7	Provides an overview of the initiatives Aurizon Network has progressed during the year to promote the UT5 Maintenance Objectives

Aurizon Network has prepared financial models (**the Models**) in support of this submission and has provided these to QCA staff in electronic form. The Models contain Confidential Information relating to third party suppliers and accordingly Aurizon Network requests that the Models are not published.

Please note that the tables included within this submission may not add due to rounding.

2. Overview of the Regulatory Process

Clause 7A.11.3 of UT5 provides a process through which Aurizon Network can seek pre-approval of its MSB for a Coal System for a Year. Upon approval of the MSB for each Coal System (either by a Special Majority of End Users via the RIG process or by the QCA), Aurizon Network will:

- give effect to the MSB for each Coal System by setting a forecast Maintenance Indicator for the forthcoming financial year as part of the Annual review of Reference Tariffs process (Clause 4 of Schedule F to UT5); and
- implement the approved MSB for each Coal System during the year.

Following the end of each financial year, Aurizon Network will submit its Maintenance Costs Claim to the QCA for approval in accordance with Clause 7A.11.5.

2.1 QCA assessment of the Maintenance Costs Claim

As outlined in clause 7A.11.5(f) of UT5, the QCA will determine the extent to which Aurizon Network's Maintenance Costs Claim is consistent with the Approved MSB for each Coal System, having regard to a materiality threshold of +/- \$2 million for a maintenance 'item'.

In this context, the term 'item' is not defined within UT5. Aurizon Network has agreed with the RIG that for the purpose of the QCA's assessment under clause 7A.11.5(f)(ii) of UT5:

- for Blackwater and Goonyella:
 - the product areas of Resurfacing, Rail Grinding, General Track Maintenance, 'Signalling and Telecoms' and Electrical should be considered as individual maintenance items; and
 - the remaining product areas should be considered a single maintenance item.
- for Moura and Newlands/GAPE:
 - the maintenance budget in its entirety should be considered a maintenance 'item'.

2.1.1 QCA process where there is no material difference

As specified in clause 7A.11.5(f)(i) to 7A.11.5(f)(ii)(A), where the Maintenance Costs Claim is consistent with the Approved MSB:

- End Users are deemed to support the relevant elements of the Maintenance Costs Claim; and
- the QCA will approve the Maintenance Costs Claim.

2.1.2 Approval process where a material difference exists

Where there is a difference in a material respect, the QCA will consider any item:

- which is at least \$2 million more than the corresponding item in the Approved MSB for a Coal System;
- which is at least \$2 million less than the corresponding item in the Approved MSB for a Coal System; or

- in the Approved MSB which has a value of at least \$2 million and which Aurizon Network has failed to undertake.

Members of the RIG may make submissions to the QCA to the extent the Maintenance Cost claim differs in a material respect from a Coal System's Approved MSB.

The QCA must approve costs that are different in a material respect to the extent those costs are prudent and efficient. In making its determination, the QCA may have regard to the Maintenance Objectives, which are outlined in Clause 7A.11.1(a)(iii)(A)-(C) and in section 1.1 above.

2.2 Reconciliation of approved maintenance costs

To the extent that the actual maintenance costs approved by the QCA under clause 7A.11.5 differs from the amounts recovered through Allowable Revenues and Reference Tariffs during the year, the Revenue Adjustment Amounts (**Revenue Cap**) process includes an adjustment under Schedule F, Clause 4.3 (c)(ii) to reconcile that difference.

3. Blackwater System Maintenance Costs Claim

This section outlines the actual Direct Maintenance Costs that Aurizon Network incurred during the year to deliver Maintenance Work in the Blackwater System.

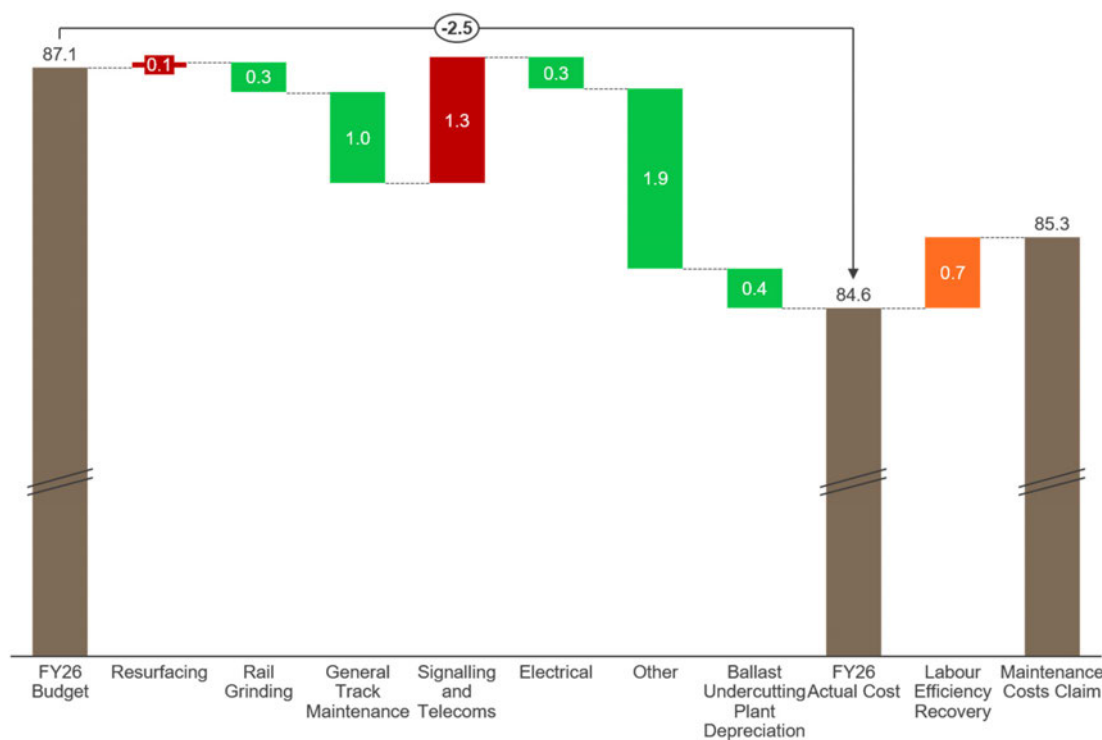
3.1 Direct Maintenance Cost Performance

Aurizon Network submits for QCA approval, a Maintenance Cost Claim of \$85.3m. This amount includes \$0.75m relating to the partial recovery of costs associated with the labour efficiency initiatives implemented during FY25.

After adjusting for non-coal expenditure, Aurizon Network incurred maintenance costs of \$84.6m during the year; \$2.5m lower than the approved maintenance budget for this Coal System.

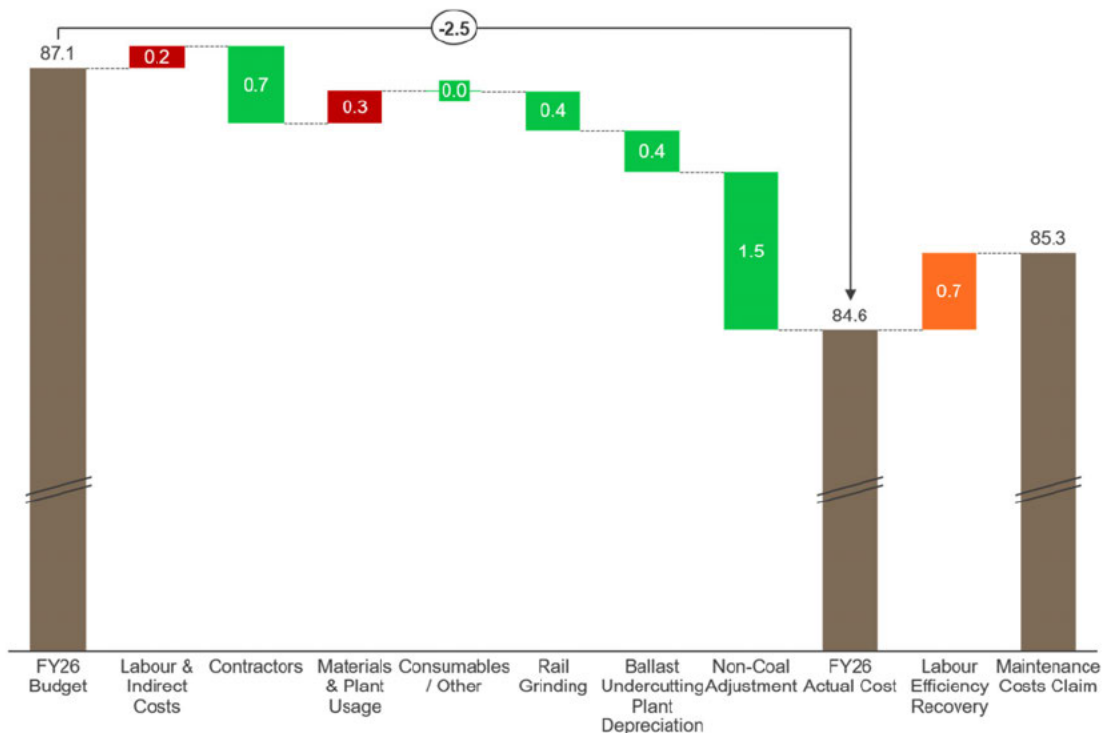
Aurizon Network has outlined cost variances by Maintenance Item in Figure 3 below.

Figure 3 Blackwater System Maintenance Costs Variance by Maintenance Item (\$m)



Maintenance cost variances by cost category are summarised in Figure 4 below.

Figure 4 Blackwater System Maintenance Cost Variance by Cost Category (\$m)



Aurizon Network has assessed its actual maintenance costs incurred against the Approved MSB, taking into consideration the materiality thresholds specified in UT5, 7A.11.5(f)(ii)(B).

Table 5 Maintenance cost materiality thresholds

Legend:	
Consistent	Variation from Approved MSB is within +/- \$2m materiality threshold.
Departed	Variation from Approved MSB exceeds +/- \$2m materiality threshold.

Table 6 below outlines Aurizon Network's Maintenance Costs Claim for the Blackwater System and identifies whether the claim in respect of each maintenance item is consistent with or has departed from the Approved MSB.

Table 6 Blackwater System Maintenance Costs – Comparison to Approved Budget (\$m)

Maintenance Item (\$m)	Cost Incurred	Non-Coal Costs	Maintenance Cost Claim	Approved Budget	Cost Variance
Resurfacing	10.4	(0.1)	10.3	10.2	0.1
Rail Grinding	10.7	--	10.7	11.0	(0.3)
General Track Maintenance	26.4	(0.7)	25.8	26.7	(1.0)
Signalling and Telecoms	15.9	(0.5)	15.4	14.1	1.3
Electrical Overhead	8.4	(0.0)	8.4	8.7	(0.3)
Other Items	11.6	(0.2)	11.4	13.3	(1.9)
Sub-Total	83.4	(1.5)	81.9	84.0	(2.1)
Undercutting Plant Depreciation	2.7	--	2.7	3.1	(0.4)

Maintenance Item (\$m)	Cost Incurred	Non-Coal Costs	Maintenance Cost Claim	Approved Budget	Cost Variance
Total	86.1	(1.5)	84.6	87.1	(2.5)
Labour Efficiency Recovery			0.75		
Maintenance Costs Claim			85.3		

Additional cost information relating to the sub-components of each maintenance item is included within Appendix A.

As described in section 1.2 of this submission, and in the quarterly reports provided to the Rail Industry Group, a variety of factors impacted Aurizon Network's ability to deliver FY26 maintenance work within the defined materiality thresholds. The dynamic operating environment means that at times, it is necessary and prudent to incur additional costs to ensure that the required maintenance work can be completed. Aurizon Network acknowledges the adverse impact to customers where costs exceed budget and actively seeks to mitigate such impacts throughout the year. Further commentary in respect of each maintenance item is provided in section 3.3 below.

3.2 Scope of Maintenance Work Undertaken

This section outlines the scope of Maintenance Work undertaken for those items where scope is specified within the FY26 MSB.

Table 7 Blackwater System Scope Delivered

Maintenance Item	Scope Delivered	RIG Approved Scope	Scope Variance	% Variance
Resurfacing				
<i>Mainline</i>	700	896	(196)	(22%)
<i>Turnout</i>	177	173	4	2%
Rail Grinding				
<i>Mainline</i>	■	■	■	■
<i>Turnout</i>	■	■	■	■
<i>Level Crossing</i>	■	■	■	■
General Track Maintenance				
<i>Ultrasonic Testing</i>	5,117	4,913	204	4%

3.3 Commentary on Maintenance Items

Aurizon Network has delivered Maintenance Work in the Blackwater System in a manner that is consistent with its legislative and regulatory obligations. By giving effect to the asset management plans and strategies⁴ that underpinned the approved MSB, Aurizon Network has ensured compliance with these obligations.

⁴ The asset management plans and strategies are derived from Aurizon Network's Asset Maintenance and Renewal Policy, which in turn is the manifestation of Aurizon Network's practical application of the Safety Management System.

As outlined in Table 6 above, all categories within Aurizon Network's Maintenance Costs Claim for the Blackwater System, are within the defined material thresholds. In other words, there are no maintenance items with a material difference in comparison to the corresponding item in the approved MSB. Consequently, Aurizon Network considers that the QCA should approve the Blackwater Maintenance Costs Claim.

Aurizon Network has provided commentary on specific maintenance categories below.

3.3.1 Resurfacing

Full year resurfacing scope of works was below the approved MSB in this system. Aurizon Network completed:

- 700km of mainline resurfacing scope during the year; 196km (-22%) lower than the approved MSB. During the year, Aurizon Network observed improved track geometry and favourable weather conditions during the first half of the year, which contributed to reduced mainline resurfacing requirements; and
- resurfacing on 177 turnouts during the year; 4 (2%) more than the approved MSB.

Overall, resurfacing costs were \$0.1m (1%) higher than budget. The key factors impacting cost performance relative to budget are discussed in Table 3 (see section 1.2 of this submission). Costs associated with the resurfacing plant are allocated between systems based on the percentage of operational days in each system.

3.3.2 Rail Grinding

Aurizon Network completed:

- [REDACTED] km of mainline rail grinding scope, [REDACTED] km ([REDACTED]%) lower than the approved MSB;
- rail grinding on [REDACTED] turnouts, [REDACTED] ([REDACTED]%) fewer than the approved MSB; and
- rail grinding on [REDACTED] level crossings, [REDACTED] ([REDACTED]%) lower than the approved MSB.

Rail Grinding costs were \$0.3m (-3%) lower than budget. Scope delivered was materially in line with the approved MSB. Minor variations exist due to:

- turnout scope that could not be completed in Q2 nor replanned during FY26 without impacting train services; and
- mainline scope in Q4 that could not be completed due to operational challenges (stow changes and crossing delays) but was partially offset by addition scope to rectify defects.

3.3.3 General Track Maintenance

The General Track Maintenance item is comprised of a multitude of activities, including reactive and planned corrective maintenance to rectify defects found during planned inspections on rail, sleepers, turnouts, ballast, formation and related off track infrastructure (including embankments, drainage and access roads).

Aurizon Network incurred \$25.8m for General Track Maintenance in the Blackwater System; an amount that was \$1.0m (-4%) lower than the approved MSB.

3.3.4 Signalling and Telecoms

Signalling and Telecommunications maintenance category encompasses activities across Corrective and Preventative maintenance activities. During the year, Aurizon Network incurred \$15.4m in

signalling and telecoms maintenance costs, which exceeded the approved MSB by \$1.3m (9%) in aggregate.

The spend variance in this category was driven by factors including:

- change in control systems rostering arrangements which impacted labour cost allocations and utilisation across Signalling & Telecoms and other maintenance costs categories. Please note that this increase represents a reallocation of labour costs, and is offset by a reduction in the labour cost allocation to Other General Maintenance; and
- increased material costs to support corrective activities and a higher labour cost allocation to support maintenance activities in Q2. As noted in prior year reports, labour cost allocations are a function of system and activity mix assumptions across maintenance, renewal and support programs.

3.3.5 Electrical

Aurizon Network incurred \$8.4m in electrical maintenance costs; representing an under-spend of \$0.3m (-4%) in aggregate when compared to the approved MSB. Internal labour resources were also utilised to support critical vegetation management across Blackwater system as well as Electrical Overhead maintenance activities within the Goonyella system.

3.3.6 Other Items

- Structures and Facilities Maintenance - Aurizon Network incurred \$5.4m in structures and facilities maintenance, representing an under-spend of \$0.2m when compared to the approved MSB.
- Trackside Systems - full year spend was \$1.4m, \$0.1m higher than the approved MSB. This category is subject to the same impacts as signalling and telecoms as both categories use the same labour resources.
- Other Civil Maintenance - full year spend was \$0.6m lower than the approved MSB because of lower-than-expected corrective maintenance requirements and the redeployment of internal labour resources to deliver critical maintenance support within the General Track Maintenance category.
- Other General Maintenance - Aurizon Network's full year spend was \$1.2m below the approved MSB. As noted above, this result was primarily attributed to changes in control systems rostering arrangements, which reduced on call hours and resulting in an uplift in maintenance hours and labour cost allocation across Signalling & Telecoms and other maintenance costs categories.

3.3.7 Ballast Undercutting Plant Depreciation

Ballast undercutting plant depreciation was \$2.7m, which was \$0.4m lower than the approved MSB. The allocation of ballast undercutting plant depreciation between Coal Systems is aligned to scope delivery for the year.

4. Goonyella System Maintenance Costs Claim

This section outlines the actual Direct Maintenance Costs that Aurizon Network incurred during the year to deliver Maintenance Work in the Goonyella System.

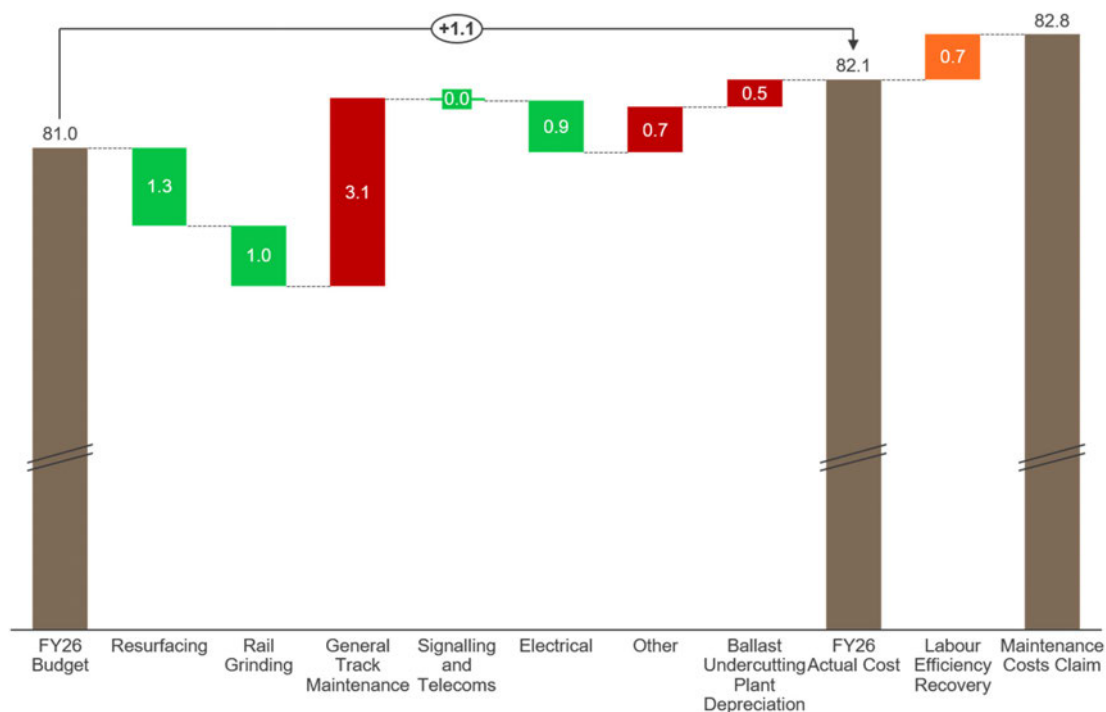
4.1 Direct Maintenance Cost Performance

Aurizon Network submits for QCA approval, a Maintenance Cost Claim of \$82.8m. This amount includes \$0.74m relating to the partial recovery of costs associated with the labour efficiency initiatives implemented during FY25.

After adjusting for non-coal expenditure, Aurizon Network incurred maintenance costs of \$82.1m during the year; \$1.1m higher than the approved maintenance budget for this Coal System.

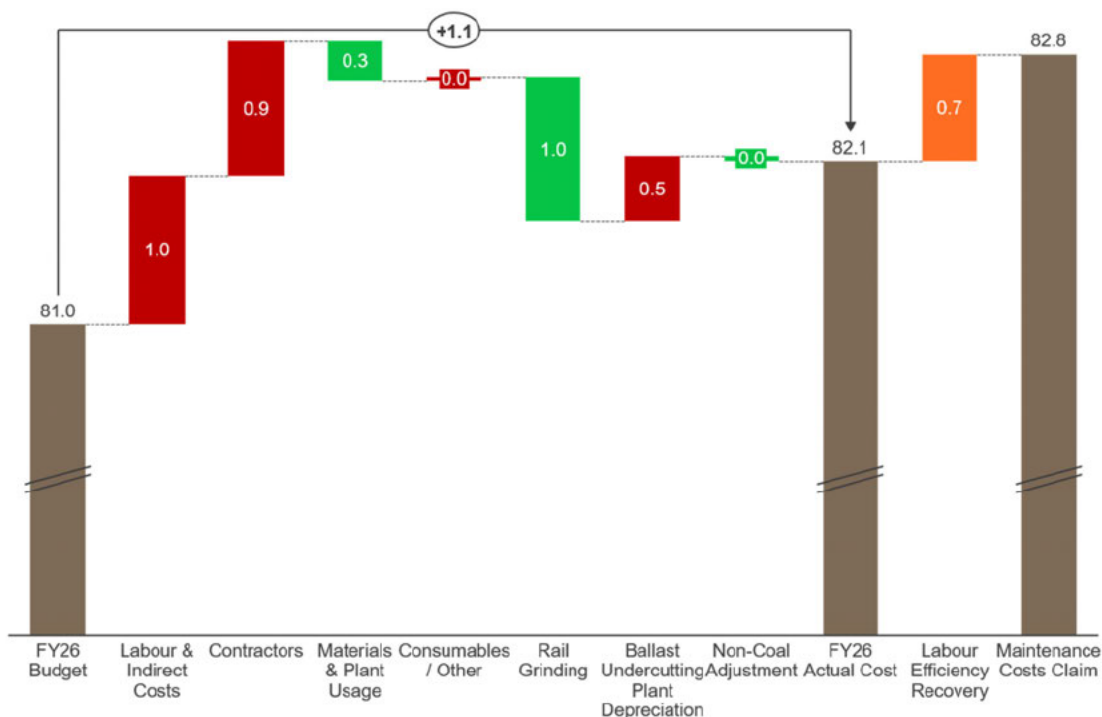
Aurizon Network has outlined cost variances by Maintenance Item in Figure 5 below.

Figure 5 Goonyella System Maintenance Cost Variance by Maintenance Item (\$m)



Maintenance cost variances by cost category are summarised in Figure 6 below.

Figure 6 Goonyella System Maintenance Cost Variance by Cost Category



Aurizon Network has assessed its actual maintenance costs incurred against the Approved MSB, taking into consideration the materiality thresholds specified in UT5, 7A.11.5(f)(ii)(B).

Table 8 Maintenance cost materiality thresholds

Legend:	
Consistent	Variation from Approved MSB is within +/- \$2m materiality threshold.
Departed	Variation from Approved MSB exceeds +/- \$2m materiality threshold.

Table 9 below outlines Aurizon Network's Maintenance Costs Claim for the Goonyella System and identifies whether the claim in respect of each maintenance item is consistent with or has departed from the approved budget.

Table 9 Goonyella System Maintenance Costs – Comparison to Approved Budget (\$m)

Maintenance Item (\$m)	Cost Incurred	Non-Coal Costs	Maintenance Cost Claim	Approved Budget	Cost Variance
Resurfacing	9.1	--	9.1	10.4	(1.3)
Rail Grinding	11.0	--	11.0	12.0	(1.0)
General Track Maintenance	23.7	(0.0)	23.7	20.7	3.07
Signalling and Telecoms	14.9	(0.0)	14.9	15.0	(0.03)
Electrical Overhead	9.1	(0.0)	9.1	10.0	(0.9)
Other Items	11.4	--	11.4	10.7	0.7
Sub-Total	79.4	(0.0)	79.3	78.7	0.7
Undercutting Plant Depreciation	2.8	--	2.8	2.3	0.5
Total	82.2	(0.0)	82.1	81.0	1.1

Maintenance Item (\$m)	Cost Incurred	Non-Coal Costs	Maintenance Cost Claim	Approved Budget	Cost Variance
Labour Efficiency Recovery			0.74		
Maintenance Costs Claim			82.8		

Additional cost information relating to the sub-components of each maintenance item is included within Appendix A.

As described in section 1.2 of this submission, and in the quarterly reports provided to the Rail Industry Group, a variety of factors impacted Aurizon Network's ability to deliver FY26 maintenance work within the defined materiality thresholds. The dynamic operating environment means that at times, it is necessary and prudent to incur additional costs to ensure that the required maintenance work can be completed. Aurizon Network acknowledges the adverse impact to customers where costs exceed budget and actively seeks to mitigate such impacts throughout the year. Further commentary in respect of each maintenance item is provided in section 4.3 below.

4.2 Scope of Maintenance Work Undertaken

This section outlines the scope of Maintenance Work undertaken for those items where scope is specified within the FY26 MSB.

Table 10 Goonyella System Scope Delivered

Maintenance Item	Scope Delivered	RIG Approved Scope	Scope Variance	% Variance
Resurfacing				
<i>Mainline</i>	613	956	(343)	(36%)
<i>Turnout</i>	123	189	(66)	(35%)
Rail Grinding				
<i>Mainline</i>	■	■	■	■
<i>Turnout</i>	■	■	■	■
<i>Level Crossing</i>	■	■	■	■
General Track Maintenance				
<i>Ultrasonic Testing</i>	5,170	5,432	(262)	(5%)

4.3 Commentary on annual performance for Maintenance Items

Aurizon Network has delivered Maintenance Work in the Goonyella System in a manner that is consistent with its legislative and regulatory obligations. By giving effect to the asset management plans and strategies⁵ that underpinned the approved MSB, Aurizon Network has ensured compliance with these obligations.

As indicated in Table 9 above, a material variance exists in the 'General Track Maintenance' category. Further information in relation to this variance is outlined.

⁵ The asset management plans and strategies are derived from Aurizon Network's Asset Maintenance and Renewal Policy, which in turn is the manifestation of Aurizon Network's practical application of the Safety Management System.

Aurizon Network has provided some commentary on specific maintenance categories below.

4.3.1 Resurfacing

During the year, Aurizon Network:

- delivered 613km of mainline resurfacing scope, which was 343km lower than the approved MSB of 956km; and
- resurfaced 123 turnouts, 66 fewer than the approved MSB.

Overall, resurfacing costs were \$1.3m (-12%) lower than budget, an outcome that can be attributed to:

- reduced mainline and turnout resurfacing scope requirements informed by timely track condition data; and
- a reduction in resurfacing trade operator FTE, lower expenditure on plant maintenance and a reduction in allocated plant costs, reflecting the reduction in operational days within the Goonyella System.

4.3.2 Rail Grinding

During the year, Aurizon Network:

- delivered [REDACTED] km of mainline rail grinding; [REDACTED] km lower than the MSB;
- completed rail grinding on [REDACTED] turnouts; [REDACTED] fewer than the MSB; and
- completed rail grinding on [REDACTED] level crossings; [REDACTED] fewer than the MSB.

This outcome can be attributed to several factors, including train and track failures in Q1, a reduction in planned scope due to asset condition and a dewirement at Yukan in Q4. To support network capacity in June 2026, the majority of scope that was unable to be completed in Q4 (due to the dewirement) has been replanned into Q1 FY2027.

Overall rail grinding spend was \$1.0m (-8%) lower than the approved MSB.

4.3.3 General Track Maintenance

The General Track Maintenance item is comprised of a multitude of activities, including reactive and planned corrective maintenance to rectify defects found during planned inspections on rail, sleepers, turnouts, ballast, formation and related off track infrastructure (including embankments, drainage and access roads).

Aurizon Network incurred \$23.7m on General Track Maintenance works; representing an over-spend of \$3.1m (15%) in aggregate compared to the MSB. The additional spend was driven by the below activities:

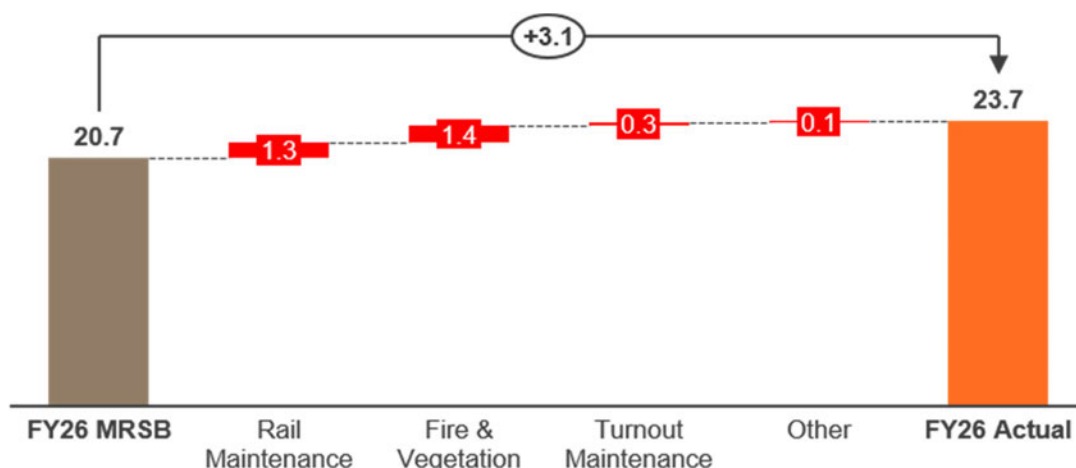
- **Rail Maintenance** – activity levels across Goonyella remained higher than the approved budget, which was based on the historical activity levels between FY22 – FY24. The resulting increase in scope saw increased materials consumption, contractor and internal resource support to maintain asset reliability.
- **Fire & Vegetation** – several initiatives were implemented to support vegetation management activities including:
 - in respect of the Moranbah depot, the internalisation of several activities that were previously completed by external contractors; and

- the introduction of the drone-deployed granular herbicide initiative as well as critical tree management and vegetation activities delivered at Black Mountain.

The FY26 approved budget was developed based on historical vegetation management costs incurred during FY22 – FY24, which reflected the use of existing control methods on and off track.

- Turnout Maintenance** – Additional turnout maintenance activities were undertaken, predominately related to turnout hand grinding activities.

Figure 7 Goonyella – General Track Maintenance – Variance to budget by Activity



Rail Maintenance

During FY25, Aurizon Network experienced an uplift in rail maintenance activity levels across all systems, and this has continued into FY26. Within the Goonyella system, the rail maintenance uplift has been driven by an increase in activities relating to internal rail defects, Squat defects as well as an increase in site complexity. At times, additional resourcing and external support (including stress management activities) was required to rectify the defect and restore asset condition.

Rail maintenance defects are typically identified through the Ultrasonic Testing program and physical visual inspections (Road Patrols and Detailed Inspections) as per the intervals prescribed under the Civil Engineering Track Standards (CETS). During the finalisation of the FY26 MSB, Aurizon Network discussed the higher levels of Rail Maintenance defects which had presented during H1 FY25 with the RIG Producer Group, however, the voting outcomes in respect of the FY26 MSB requested that the budget reflect historical activity levels only. The Chair of the RIG noted the opportunity for Aurizon Network to seek QCA approval of additional costs if the higher failure rate were to continue. Consequently, the approved FY26 budget for general track maintenance largely reflects historical costs incurred during the FY22 to FY24 period.

While FY26 activity levels were less than FY25, they remained 13% higher than the approved budget, with variation in complexity of sites, at times requiring a higher level of resource support to rectify compared to the comparable period. The largest proportion of rail defects resulted in the replacement of rail representing ~65% of the total activities completed. This has resulted in an additional spend of \$1.3m, driven by a higher level of Civil Infrastructure resource support (\$0.5m), external contractor support (\$0.5m) and additional material costs (\$0.3m) to support timely rectification of critical maintenance defects.

Aurizon Network considers that the incremental maintenance cost is necessary, prudent and promotes the safety, reliability and performance of the network infrastructure.

Fire & Vegetation

Aurizon Network undertakes vegetation control to eliminate interference with train running road access and the completion of track maintenance. This includes vegetation control around bridges, slashing, brush cutting, tree management, herbicide treatment and the establishment of fire breaks.

During FY26, vegetation maintenance activities that could be completed by internal Civil Infrastructure resources, were internalised across the Moranbah district, to manage and maintain corridor condition. This resulted in an increase in internal labour cost allocations (\$0.9m), partially offset by a reduction in external contractor support previously engaged to complete this cyclical work (\$0.7m).

In FY26 Q1, Aurizon Network introduced an aerially deployed granular herbicide application as a vegetation management strategy to evaluate an alternate vegetation management approach (\$0.2m). This delivery method is still under review, with additional aerial applications required during FY27 before evaluating whether to continue this approach into the future vegetation management strategy. This partially offset the reduction in contractor spend that was delivered from the internalisation of vegetation management scope.

Additionally, during H2 FY26, critical vegetation and tree management activities were undertaken on Black Mountain. This area is a critical section of the Goonyella system and is prone to vegetation encroachment, with the OHLE particularly vulnerable to vegetation and environmental conditions, requiring active management to mitigate operational impacts. The terrain is challenging, making access to undertake vegetation maintenance tasks difficult, requiring specialist equipment and resources to complete. An external contractor was engaged to complete the required scope, which resulted in additional spend which was not included in the approved budget of \$1m.

Figure 8 Black Mountain Vegetation works: Before and After



Figure 9 Specialised Vegetation Works: Black Mountain**Turnouts**

In response to an increase in reactive turnout component replacements within the renewal program, Network Asset Management directed an acceleration of the planned turnout hand grinding maintenance activities to improve turnout condition and extend component life. Turnout hand grinding is required to manage rolling contact fatigue in areas of the turnout that the production turnout grinder cannot reach. To support the delivery of these activities, additional internal Civil Infrastructure resources and external contractor support were engaged, resulting in an additional spend of \$0.3m.

Figure 10 Turnout Hand Grinding**4.3.4 Signalling and Telecoms**

Aurizon Network incurred \$14.9m in signalling and telecoms maintenance costs; an amount that was broadly aligned to the approved MSB.

4.3.5 Electrical

Aurizon Network incurred \$9.1m in electrical maintenance costs; representing an under-spend of \$0.9m (-9%) when compared to the approved MSB.

4.3.6 Other Items

Aggregate Spend on Structures and Facilities, Trackside Systems, Other Civil Maintenance and Other General Maintenance was \$0.7m (7%) higher than the MSB.

Trackside Systems saw increased spend due to additional wayside and weighbridge maintenance activity across the Goonyella system (consistent with the uplift experienced in FY25) above levels assumed in the approved budget. Other Civil Maintenance spend was lower than budget due to fewer corrective maintenance activities and noting that internal labour resources were redeployed to support activities within the General Track category.

4.3.7 Ballast Undercutting Plant Depreciation

Ballast undercutting plant depreciation was \$2.8m, which was \$0.5m higher than the approved MSB. The allocation of ballast undercutting plant depreciation between Coal Systems is aligned to scope delivery for the year.

5. Moura System Maintenance Costs Claim

This section outlines the actual Direct Maintenance Costs that Aurizon Network incurred during the year to deliver Maintenance Work in the Moura System.

5.1 Direct Maintenance Cost Performance

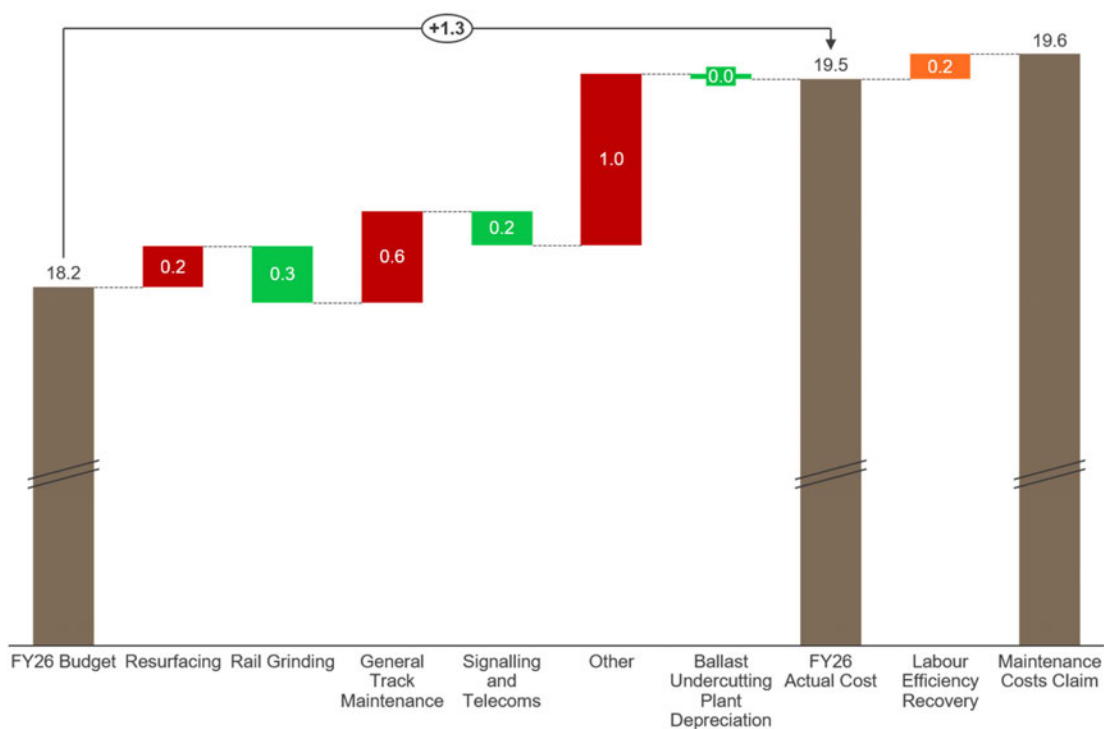
Aurizon Network submits for QCA approval, a Maintenance Cost Claim of \$19.6m. This amount includes \$0.15m relating to the partial recovery of costs associated with the labour efficiency initiatives implemented during FY25. After adjusting for non-coal expenditure, Aurizon Network incurred maintenance costs of \$19.5m during the year; \$1.3m higher than the approved maintenance budget for this Coal System.

During the year, the Moura System was impacted by flooding associated with tropical low 29U, which made landfall in Far North Queensland on 6 March 2026. The system brought heavy rainfall and caused localised flash flooding as it moved over Central Queensland, with recorded rainfall of more than 200mm in certain areas. This weather event damaged Rail Infrastructure in the Moura Coal System, which was subsequently closed to all rail traffic, between 9 – 20 March 2026.

Aurizon Network redeployed internal resources to expedite the recovery efforts. While the additional incremental costs incurred to reinstate flood affected Rail infrastructure are the subject of a Review Event submitted to the QCA on 31 August 2026, the approved FY26 budget (and hence, Allowable Revenue and Reference Tariffs) included a forecast of ordinary internal labour and plant costs. Aurizon Network is seeking recovery of its actual ordinary internal labour and plant costs through this Maintenance Costs Claim and confirms that these amounts are excluded from the 2026 Moura Flood Review Event submission.

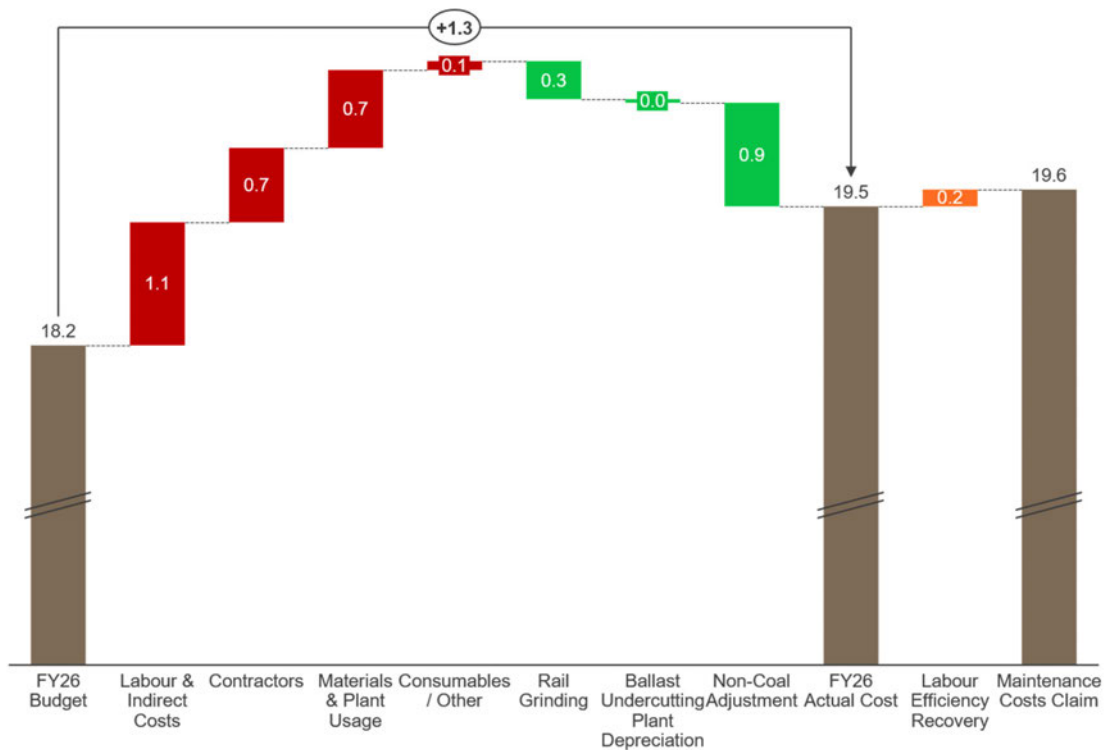
Aurizon Network has outlined cost variances by Maintenance Item and Cost Category in Figure 11 and Figure 12 below.

Figure 11 Moura System Maintenance Costs Incurred (\$m)



Maintenance cost variances by cost category are summarised in Figure 12 below.

Figure 12 Moura System Maintenance Cost variance by cost category



Variances to the Approved MSB are primarily attributable to the labour and indirect costs, contractor costs and materials and plant costs. The increases across these cost categories is, in part, attributable

to the inclusion of additional internal ordinary labour and plant costs, where resources were redeployed to support flood rectification works. As outlined in Aurizon Network's submission in respect of the 2026 Moura Flood Review Event, all flood rectification works were assigned a unique identifier to clearly identify and separate costs for the purposes of the Review Event and Maintenance Costs Claim submissions.

Table 12 below outlines Aurizon Network's Maintenance Costs Claim for the Moura System. As agreed with the RIG, the aggregate maintenance cost claim for the Moura System is to be assessed against the aggregate Approved MSB, taking into consideration the materiality thresholds specified in UT5, 7A.11.5(f)(ii)(B).

Table 11 Maintenance cost materiality thresholds

Legend:	
Consistent	Variation from Approved MSB is within +/- \$2m materiality threshold.
Departed	Variation from Approved MSB exceeds +/- \$2m materiality threshold.

Aurizon Network's Maintenance Costs Claim for the Moura System in aggregate does not exceed the materiality threshold. Consequently, the Maintenance Costs Claim is deemed to be consistent with the Approved MSB and should be approved by the QCA.

Table 12 Moura System Maintenance Costs – Comparison to Approved Budget (\$m)

Maintenance Item (\$m)	Cost Incurred	Non-Coal Costs	Maintenance Cost Claim	Approved Budget	Cost Variance
Resurfacing	2.4	(0.1)	2.3	2.0	0.2
Rail Grinding	1.6	–	1.6	2.0	(0.3)
General Track Maintenance	8.6	(0.3)	8.3	7.7	0.6
Signalling and Telecoms	3.0	(0.4)	2.6	2.8	(0.2)
Other Items	4.6	(0.1)	4.5	3.5	1.0
Sub-Total	20.2	(0.9)	19.3	18.0	1.3
Undercutting Plant Depreciation	0.2	–	0.2	0.3	(0.0)
Total	20.4	(0.9)	19.5	18.2	1.3
Labour Efficiency Recovery			0.15		
Maintenance Costs Claim			19.6		

Additional cost information relating to the sub-components of each maintenance item is included within Appendix A.

5.2 Scope of Maintenance Work Undertaken

This section outlines the scope of Maintenance Work undertaken for those items where scope is specified within the FY26 MSB.

Table 13 Moura System Scope Delivered

Maintenance Item	Scope Delivered	RIG Approved Scope	Scope Variance	% Variance
Resurfacing				
Mainline	222	170	52	31%
Turnout	17	10	7	70%
Rail Grinding				
Mainline	■	■	■	■
Turnout	■	■	■	■
Level Crossing	■	■	■	■
General Track Maintenance				
Ultrasonic Testing	611	604	7	1%

5.3 Commentary on annual performance for Maintenance Items

Aurizon Network has delivered Maintenance Work in the Moura System in a manner that is consistent with its legislative and regulatory obligations. By giving effect to the asset management plans and strategies⁶ that underpinned the approved MSB, Aurizon Network has ensured compliance with these obligations.

Aurizon Network has provided some commentary on specific maintenance categories below.

5.3.1 Resurfacing

During the year, Aurizon Network completed:

- 222km of mainline resurfacing scope, 52 km more than the approved MSB; and
- Resurfacing on 17 turnouts, 7 more than the approved MSB.

Aurizon Network incurred \$2.3m delivering Moura resurfacing works, an additional \$0.2m compared to the approved MSB. The additional resurfacing scope delivered during the year was in response to track condition, noting that the cost performance was also impacted by the inclusion of internal ordinary labour and plant costs where resources were redeployed to support flood rectification activities.

5.3.2 Rail Grinding

During the year, Aurizon Network completed:

- ■ km of mainline rail grinding; ■ km lower than the approved MSB;
- rail grinding on ■ turnouts; ■ less than the approved MSB; and
- rail grinding on ■ level crossings. The FY26 MSB did not make provision for this work.

Total rail grinding costs were \$0.3m lower than the approved MSB. Aurizon Network incurred \$1.6m in cost against a budget of \$2.0m.

⁶ The asset management plans and strategies are derived from Aurizon Network's Asset Maintenance and Renewal Policy, which in turn is the manifestation of Aurizon Network's practical application of the Safety Management System.

5.3.3 General Track Maintenance

The General Track Maintenance item is comprised of a multitude of activities, including planned corrective maintenance to rectify defects found during planned inspections on rail, sleepers, turnouts, ballast, formation and related off track infrastructure (including embankments, drainage and access roads).

Aurizon Network incurred costs of \$8.3m delivering General Track Maintenance activities in Moura; representing an over-spend of \$0.6m (+7%) in aggregate.

The factors impacting General Track Maintenance cost performance are discussed earlier in this submission, including:

- additional internal labour support, contractor support and rail materials required to support corrective rail maintenance defects; and
- a higher level of ballast maintenance activities to support and maintain asset condition.

While additional internal labour and plant costs were allocated to Moura due to the redeployment of internal resources to support flood rectification activities, these increases were partially offset by lower contractor expenditure in this category due to lower rail defects (as compared to the average in prior quarters), as well as contractors availability, with resources being deployed to execute off track remediation works associated with the review event.

5.3.4 Signalling and Telecoms

Aurizon Network incurred \$2.6m in signalling and telecoms maintenance costs; approximately \$0.2m (-7%) lower than the approved MSB.

This outcome is predominantly attributable to a reduced labour allocation following lower levels of maintenance activity within Moura system, relative to the Blackwater system. Both systems are supported by a pool of resources within the Control Systems South team.

5.3.5 Other Items

Aggregate spend on Structures and Facilities, Trackside Systems, Other Civil Maintenance and Other General Maintenance was \$1.0m (30%) higher than the MSB.

This outcome was predominantly driven by works that fall within the Other Civil Maintenance category. Due to higher than budget levels of corrective maintenance activity (which were trending above the three-year average), additional external contractor support was required to support activity levels.

6. Newlands System and GAPE Maintenance Costs Claim

This section outlines the actual Direct Maintenance Costs that Aurizon Network incurred during the year to deliver Maintenance Work in the Newlands System and GAPE.

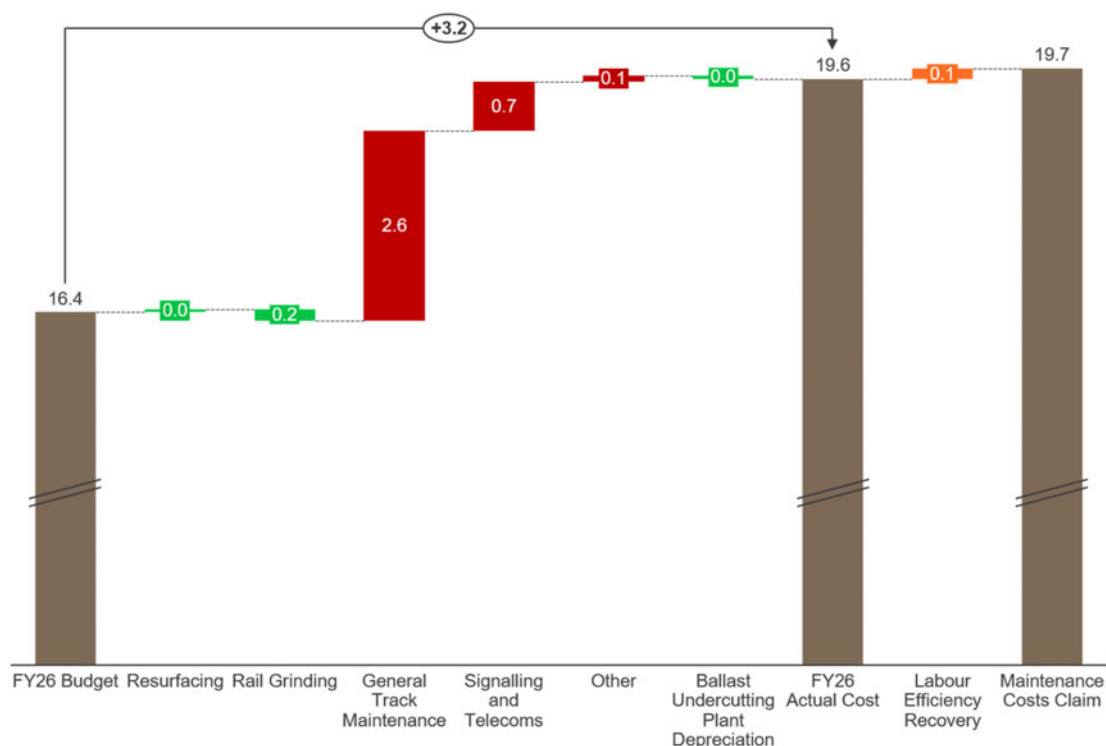
6.1 Direct Maintenance Cost Performance

Aurizon Network submits for QCA approval, a Maintenance Cost Claim of \$19.7m. This amount includes \$0.14m relating to the partial recovery of costs associated with the labour efficiency initiatives implemented during FY25.

After adjusting for non-coal expenditure, Aurizon Network incurred maintenance costs of \$19.6m during the year; \$3.2m higher than the approved maintenance budget for this Coal System.

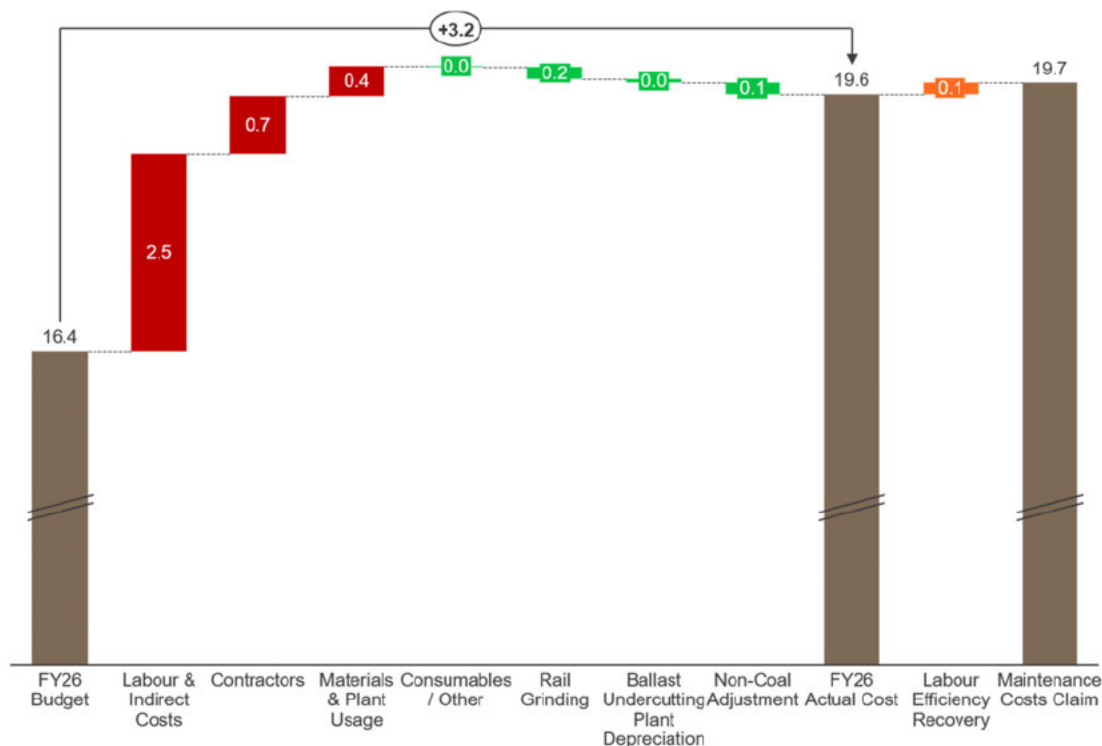
Aurizon Network has outlined cost variances by Maintenance Item in Figure 13 below.

Figure 13 Newlands System and GAPE Maintenance Cost Variances (\$m)



Maintenance cost variances by cost category are summarised in Figure 14 below.

Figure 14 Newlands System Maintenance Cost Variance by Cost Category



The variance was primarily driven by higher Labour and Indirect Costs, predominantly impacting the General Track Maintenance category. Aurizon Network has described the key factors impacting these costs in section 1.2 of this submission.

Table 15 below outlines Aurizon Network's Maintenance Costs Claim for the Newlands System. As agreed with the RIG, the aggregate maintenance cost claim for the Newlands System is to be assessed against the aggregate Approved MSB, taking into consideration the materiality thresholds specified in UT5, 7A.11.5(f)(ii)(B).

Table 14 Maintenance cost materiality thresholds

Legend:	
Consistent	Variation from Approved MSB is within +/- \$2m materiality threshold.
Departed	Variation from Approved MSB exceeds +/- \$2m materiality threshold.

Aurizon Network's Maintenance Costs Claim for the Newlands System in aggregate does not exceed the materiality threshold. Consequently, the Maintenance Costs Claim is deemed to be consistent with the Approved MSB and should be approved by the QCA.

Table 15 Newlands System and GAPE Maintenance Costs – Comparison to Approved Budget (\$m)

Maintenance Item (\$m)	Cost Incurred	Non-Coal Costs	Maintenance Cost Claim	Approved Budget	Cost Variance
Resurfacing	1.9	(0.0)	1.9	1.9	0.0
Rail Grinding	2.4	—	2.4	2.5	(0.2)
General Track Maintenance	7.8	(0.0)	7.7	5.1	2.6
Signalling and Telecoms	4.6	(0.1)	4.5	3.8	0.7

Maintenance Item (\$m)	Cost Incurred	Non-Coal Costs	Maintenance Cost Claim	Approved Budget	Cost Variance
Other Items	2.8	(0.0)	2.8	2.7	0.1
Sub-Total	19.4	(0.1)	19.3	16.1	3.2
Undercutting Plant Depreciation	0.3	--	0.3	0.3	(0.0)
Total	19.7	(0.1)	19.6	16.4	3.2
Labour Efficiency Recovery			0.14		
Maintenance Cost Claim			19.7		

Additional cost information relating to the sub-components of each maintenance item is included within Appendix A.

As described in section 1.2 of this submission, and in the quarterly reports provided to the Rail Industry Group, a variety of factors impacted Aurizon Network's ability to deliver FY26 maintenance work within the defined materiality thresholds. The dynamic operating environment means that at times, it is necessary and prudent to incur additional costs to ensure that the required maintenance work can be completed. Aurizon Network acknowledges the adverse impact to customers where costs exceed budget and actively seeks to mitigate such impacts throughout the year.

6.2 Allocation of costs between Newlands and GAPE

Aurizon Network has allocated the Maintenance Cost Claim between the Newlands System and GAPE. The allocation methodology:

- identifies costs incurred between Newlands Junction and North Goonyella Junction (GAPE Link) and seeks to recover these costs from GAPE Train Services; and
- allocates the balance of costs between Newlands and GAPE Train Services in proportion to the Gross Tonne Kilometres (GTK) railed in the shared Newlands rail corridor.

The cost allocations to the Newlands System and GAPE are outlined in Table 16 below.

Table 16 Maintenance Cost Allocation to Newlands and GAPE

System	Maintenance Costs Incurred	Non-Coal Adjustment	Maintenance Cost Claim
Newlands	8.6	(0.1)	8.5
GAPE	11.1	(0.1)	11.1
Total	19.7	(0.1)	19.6

6.3 Scope of Maintenance Work Undertaken

This section outlines the scope of Maintenance Work undertaken for those items where scope is specified within the FY26 MSB.

Table 17 Newlands System and GAPE Scope Delivered

Maintenance Item	Scope Delivered	RIG Approved Scope	Scope Variance	% Variance
Resurfacing				
Mainline	137	188	(51)	(27%)
Turnout	19	21	(2)	(10%)
Rail Grinding				
Mainline	■	■	■	■
Turnout	■	■	■	■
Level Crossing	■	■	■	■
General Track Maintenance				
Ultrasonic Testing	2,040	1,931	109	6%

6.4 Commentary on annual performance for Maintenance Items

Aurizon Network has delivered Maintenance Work in the Newlands System and GAPE in a manner that is consistent with its legislative and regulatory obligations. By giving effect to the asset management plans and strategies⁷ that underpinned the approved MSB, Aurizon Network has ensured compliance with these obligations. Aurizon Network has provided some commentary on specific maintenance categories below.

6.4.1 Resurfacing

During the year, Aurizon Network completed:

- 137km of mainline resurfacing scope; 51km (-27%) lower than the approved MSB; and
- resurfacing on 19 turnouts; 2 fewer than the MSB.

Aurizon Network delivered resurfacing works for \$1.9m. While scope was lower than budget due to improved track geometry (an outcome of durable preventative work and favourable H1 weather conditions), site complexities and the number of operational days in the system saw actual expenditure remain in line with the approved MSB.

6.4.2 Rail Grinding

In respect of rail grinding:

- ■ km of mainline rail grinding scope was completed; ■ km lower than the approved MSB;
- rail grinding on ■ turnouts; ■ more than the approved MSB; and
- rail grinding on ■ level crossings; ■ more than the MSB.

Total rail grinding costs incurred were \$2.4m; approximately \$0.2m below the approved budget.

⁷ The asset management plans and strategies are derived from Aurizon Network's Asset Maintenance and Renewal Policy, which in turn is the manifestation of Aurizon Network's practical application of the Safety Management System.

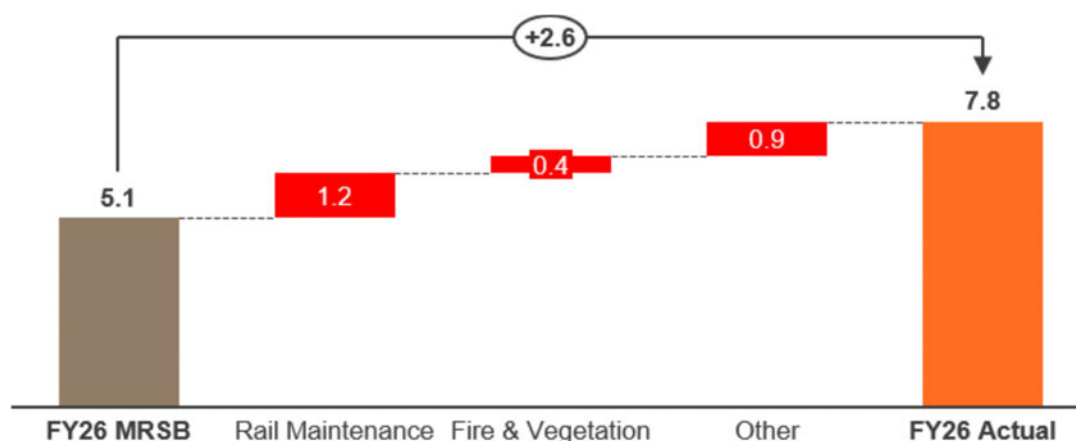
6.4.3 General Track Maintenance

Aurizon Network incurred \$7.7m delivering General Track Maintenance activities; representing an over-spend of \$2.6m in aggregate. Higher levels of corrective maintenance activities across rail, turnout, level crossing and corridor maintenance activities and targeted vegetation management strategies introduced during FY26, impacted cost performance against the approved budget.

The General Track category comprises maintenance activities associated with Permanent Way & Civil assets. These maintenance activities are predominantly reactive & corrective in nature. The General Track Maintenance category represents 79% of the system variance, predominately impacted by the below activities;

- **Rail Maintenance** – activity levels across Newlands remained higher than the approved budget, which was based on the historical activity levels between FY22 – FY24, resulting in an uplift in materials consumption, contractor and internal resource support to maintain asset reliability.
- **Fire & Vegetation** – additional vegetation management costs were incurred following the introduction of the drone-deployed granular herbicide initiative. The FY26 approved budget was developed based on historical vegetation management costs incurred during FY22 – FY24, which reflected the use of existing control methods on and off track.
- **Other** – an increase in corrective and reactive activity levels relating to track inspections, turnout ballast and level crossing maintenance have been observed, resulting in a ~9% increase compared to FY22 – FY24 levels, which was the basis of the approved budget for these activities.

Figure 15 General Track Maintenance Spend Variance by Activity



Rail Maintenance

During FY25, Aurizon Network experienced an uplift in rail maintenance activity levels across all systems, which has continued into FY26. Within the Newlands system, additional rail maintenance was driven by an increase in activities relating to Internal Rail Defects and defective Insulated Rail Joint management, with rail fatigue (age) also being a contributing factor.

Rail maintenance defects are typically identified through the Ultrasonic Testing program and physical visual inspections (Road Patrols and Detailed Inspections) as per the intervals prescribed under the Civil Engineering Track Standards (CETS). During the finalisation of the FY26 MSB, Aurizon Network discussed the higher levels of Rail Maintenance defects which had presented during H1 FY25 with the RIG Producer Group, however, the voting outcomes in respect of the FY26 MSB requested that the budget reflect historical activity levels only. The Chair of the RIG noted the opportunity for Aurizon

Network to seek QCA approval of additional costs if the higher failure rate were to continue. Consequently, the approved FY26 budget for general track maintenance largely reflects historical costs incurred during the FY22 to FY24 period.

FY26 activity levels were 96% higher than the historical average between FY22 – FY24, with variation in complexity of sites, at times requiring a higher level of resource support to rectify compared to the comparable period. The largest proportion of rail defects resulted in the replacement of rail representing ~78% of the total activities completed. This has resulted in additional spend of \$1.2m, predominately driven by a higher level of Civil Infrastructure resource to support timely rectification of critical maintenance defects.

Aurizon Network considers that the incremental maintenance cost is necessary, prudent and promotes the safety, reliability and performance of the network infrastructure.

Fire & Vegetation

Aurizon Network undertakes vegetation control to eliminate interference with train operations, road access and the delivery of track maintenance activities. This includes vegetation control around bridges, slashing, brush cutting, tree management, manual herbicide treatment and the establishment of fire breaks.

During FY26, an additional vegetation management methodology was introduced, with the first drone-deployed granular herbicide application completed in the Newlands system. The FY26 approved budget was based on the historical average vegetation management expenditure incurred across FY22 to FY24. During and following the initial implementation of the granular herbicide application, existing vegetation management activities including slashing, brush cutting, tree management and herbicide treatment were continued throughout FY26 to maintain safe corridor accessibility and asset condition. This strategy is still under review, with additional aerial applications required during FY27 before finalisation of the expected benefits and impacts to the future vegetation management strategy.

As a result, FY26 actual vegetation management costs exceeded budget by \$0.4m, driven by external contractor spend to support the implementation of the granular herbicide application.

Other (Track Inspections, Turnouts, Ballast, Level Crossing & Corridor Maintenance)

The FY26 spend reflects a higher level of corrective and reactive activity, primarily relating to on track activities including track inspections, turnout, ballast & level crossing maintenance. The increase in corrective and reactive activity levels was ~8% above the three-year historical average that informed the FY26 MRSB. Additionally, Aurizon Network delivered additional corridor & off-track maintenance activities, predominately to support asset condition and accessibility of the corridor following weather events experienced in Q3.

6.4.4 Signalling and Telecoms

Aurizon Network incurred \$4.5m in signalling and telecoms maintenance costs; representing an overspend of \$0.7m in aggregate when compared to the approved MSB.

The Signalling and Telecommunications maintenance category encompasses activities across Corrective and Preventative Signalling Maintenance and Corrective and Preventative Telecommunications Maintenance. The Control Systems North resources provide both maintenance and capital delivery of electrical programs, as well as electrical support across several renewal programs for both the Goonyella and Newlands systems.

The FY26 maintenance spend for this category is \$0.8m higher than the approved budget, impacted by both resource labour and material costs. Drivers of the additional spend were;

FTE & Activity Mix - Control Systems North

Following the attraction and retention challenges experienced in prior years, Aurizon Network have continued to support several strategies to retain qualified resources in critical locations and mitigate attrition including the Western Depot Allowance and roster changes to attract and retain qualified tradespeople. As a result, the Control Systems North team has seen an improvement in retention in Signalling Electricians, resulting in a lower vacancy rate and consequently a higher level of labour resource and cost than was assumed in the FY26 approved budget (FY26 Budget assumed a vacancy rate of ~4%). Retention of qualified Systems Maintainer roles within the northern region remains a key focus area, with attrition continuing during Q4.

In addition, labour cost allocation assumptions within the FY26 budget were based on system and activity mix assumptions informed by a combination of known resource requirements and historical actuals from FY22 to FY24. These historical periods were impacted by labour shortages, wet weather events and the prioritisation of critical support works, which in some instances resulted in the deferral of planned electrical maintenance activities. As a result of the workforce stabilising during FY26, the team has had greater ability to respond to maintenance requirements and support the increased volume of maintenance activity across the Newlands system.

Higher ancillary costs for contract labour hire resources

While contract labour hire FTE levels during FY26 were slightly lower than the approved budget assumption (5 FTE compared with 6 FTE budgeted), labour hire rates and associated ancillary costs, including travel and accommodation, were higher than those incorporated within the approved budget. This reflects the continuation of elevated market costs experienced during FY25, which have continued into FY26 (noting that the FY26 budget was based on FY22-FY24 rates and trends).

Higher Material costs

During FY26, a higher level of maintenance activity was completed, requiring additional material costs, predominately relating to axle counter cards and DC Motor replacements to deliver corrective maintenance activities.

6.4.5 Other Items

The combines spend on Structures and Facilities, Trackside Systems, Other Civil Maintenance and Other General Maintenance was \$2.8m; \$0.1 higher than the MSB.

7. Consistency with the Maintenance Objectives

Operational performance outcomes are determined by a range of inter-related factors. An effective and efficient maintenance regime is a key enabler for operational performance. In delivering maintenance and asset renewal activity in each Coal System, Aurizon Network has had regard to the Maintenance Objectives outlined in Clause 7A.11.1. Specifically, Aurizon Network has:

- sought to ensure that Committed Capacity is delivered;
- appropriately balanced cost, reliability, and performance of the Rail Infrastructure; and
- wherever reasonably possible, coordinated outages with other Supply Chain Participants with a view to maximising throughput.

In line with our commitment to continuous improvement, Aurizon Network seeks to identify, trial, and implement various initiatives with the objective of improving the delivery of the maintenance and/or renewal programs. Table 18 provides examples to illustrate how Aurizon Network is seeking to promote the Maintenance Objectives in each Coal System through its Continuous Improvement Program.

Table 18 Continuous Improvement Initiatives

Initiative	Description
Wet Hire Review	Seek improved rates through packaging scope and vendor testing. Includes packages ballast delivery / earthworks for the ballast renewal program.
Civil Gracemere Roster Changes	Exploring change from 7-day coverage to weekday only coverage to reduce weekend penalty and full overtime shifts.
Small Plant Maintenance	Reduce external contractor costs by redeploying internal labour to manage rail deliveries, allowing fitters to undertake small plant maintenance.
Consumables and Overtime	Target reduction of consumables and overtime.
Vegetation Strategy	Transition of the vegetation management strategy to aerial deployed herbicide and internalising slashing and brush cutting within specific districts to reduce reliance on external contractors.
Light Vehicle Review	Review and rationalisation of light vehicle fleet.

Appendix A – FY26 Maintenance Costs

The tables below are provided for information only and are consistent with the values reported to the Rail Industry Group each quarter. These values include costs associated with Rail Infrastructure utilised by non-coal train services, which have been removed from the Maintenance Costs Claim.

Table 19 Blackwater System Maintenance Costs – including Non-Coal Costs (\$m)

Maintenance Item (\$m)	Maintenance Costs Incurred	Approved Budget	Cost Variance
Resurfacing	10.4	10.2	0.2
<i>Mainline</i>	8.1	8.5	(0.4)
<i>Turnout</i>	2.3	1.8	0.5
Rail Grinding	10.7	11.0	(0.3)
<i>Mainline</i>	7.7	7.8	(0.2)
<i>Turnout</i>	2.9	3.0	(0.1)
<i>Level Crossing</i>	0.1	0.1	(0.0)
General Track Maintenance	26.4	26.7	(0.3)
<i>General Track</i>	24.3	24.4	(0.1)
<i>Corridor Maintenance</i>	1.3	1.5	(0.2)
<i>Track Recording</i>	0.2	0.2	0.0
<i>Ultrasonic Testing</i>	0.6	0.6	(0.0)
Signalling and Telecoms	15.9	14.1	1.9
<i>Signalling Corrective</i>	3.8	3.6	0.2
<i>Signalling Preventative</i>	8.4	7.3	1.0
<i>Telecoms Corrective</i>	0.7	0.5	0.2
<i>Telecoms Preventative</i>	3.0	2.6	0.4
Electrical	8.4	8.7	(0.3)
<i>OHLE Corrective</i>	1.8	3.1	(1.2)
<i>OHLE Preventative</i>	4.4	4.0	0.4
<i>Power Systems Corrective</i>	1.0	0.7	0.4
<i>Power Systems Preventative</i>	1.1	0.9	0.1
Other Items			
<i>Structures and Facilities</i>	5.7	5.7	(0.0)
<i>Trackside Systems</i>	1.4	1.3	0.1
<i>Other Civil Maintenance</i>	2.4	3.0	(0.6)
<i>Other General Maintenance</i>	2.1	3.3	(1.2)
Sub-Total	83.4	84.0	(0.6)
Ballast Undercutting Plant Depreciation	2.7	3.1	(0.4)
Total Direct Maintenance Costs	86.1	87.1	(1.0)

Table 20 Goonyella System Maintenance Costs – including Non-Coal Costs (\$m)

Maintenance Item (\$m)	Maintenance Costs Incurred	Approved Budget	Cost Variance
Resurfacing	9.1	10.4	(1.3)
<i>Mainline</i>	7.5	8.5	(1.0)
<i>Turnout</i>	1.6	1.9	(0.3)
Rail Grinding	11.0	12.0	(1.0)
<i>Mainline</i>	8.6	9.4	(0.9)
<i>Turnout</i>	2.3	2.5	(0.1)
<i>Level Crossing</i>	0.1	0.1	(0.0)
General Track Maintenance	23.7	20.7	3.1
<i>General Track</i>	19.2	15.6	3.6
<i>Corridor Maintenance</i>	3.8	4.2	(0.4)
<i>Track Recording</i>	0.2	0.2	0.0
<i>Ultrasonic Testing</i>	0.6	0.7	(0.1)
Signalling and Telecoms	14.9	15.0	(0.0)
<i>Signalling Corrective</i>	4.8	4.1	0.7
<i>Signalling Preventative</i>	6.8	6.9	(0.2)
<i>Telecoms Corrective</i>	1.2	0.6	0.7
<i>Telecoms Preventative</i>	2.2	3.4	(1.2)
Electrical	9.1	10.0	(0.8)
<i>OHLE Corrective</i>	2.6	2.7	(0.1)
<i>OHLE Preventative</i>	3.9	5.2	(1.3)
<i>Power Systems Corrective</i>	1.3	1.1	0.2
<i>Power Systems Preventative</i>	1.3	1.0	0.3
Other Items			
<i>Structures and Facilities</i>	3.2	3.1	0.1
<i>Trackside Systems</i>	2.5	1.8	0.7
<i>Other Civil Maintenance</i>	3.2	3.6	(0.4)
<i>Other General Maintenance</i>	2.6	2.2	0.4
Sub-Total	79.4	78.7	0.7
Ballast Undercutting Plant Depreciation	2.8	2.3	0.5
Total Direct Maintenance Costs	82.2	81.0	1.2

Table 21 Moura System Maintenance Costs – including Non-Coal Costs (\$m)

Maintenance Item (\$m)	Maintenance Costs Incurred	Approved Budget	Cost Variance
Resurfacing	2.4	2.0	0.4
<i>Mainline</i>	2.2	1.9	0.3
<i>Turnout</i>	0.2	0.2	0.1
Rail Grinding	1.6	2.0	(0.3)
<i>Mainline</i>	1.4	1.7	(0.3)
<i>Turnout</i>	0.2	0.3	(0.1)
<i>Level Crossing</i>	0.0	–	0.0
General Track Maintenance	8.6	7.7	0.8
<i>General Track</i>	7.7	6.9	0.8
<i>Corridor Maintenance</i>	0.6	0.6	(0.0)
<i>Track Recording</i>	0.2	0.1	0.0
<i>Ultrasonic Testing</i>	0.1	0.0	0.0
Signalling and Telecoms	3.0	2.8	0.2
<i>Signalling Corrective</i>	0.7	1.0	(0.3)
<i>Signalling Preventative</i>	1.5	1.3	0.2
<i>Telecoms Corrective</i>	0.2	0.1	0.1
<i>Telecoms Preventative</i>	0.6	0.4	0.1
Other Items			
<i>Structures and Facilities</i>	1.6	1.6	(0.0)
<i>Trackside Systems</i>	0.4	0.3	0.0
<i>Other Civil Maintenance</i>	2.2	1.1	1.1
<i>Other General Maintenance</i>	0.5	0.4	0.1
Sub-Total	20.2	18.0	2.2
Ballast Undercutting Plant Depreciation	0.2	0.3	(0.0)
Total Direct Maintenance Costs	20.4	18.2	2.2

Table 22 Newlands System and GAPE Maintenance Costs – Comparison to Approved Budget (\$m)

Maintenance Item (\$m)	Maintenance Costs Incurred	Approved Budget	Cost Variance
Resurfacing	1.9	1.9	0.1
<i>Mainline</i>	1.6	1.6	0.0
<i>Turnout</i>	0.3	0.3	0.0
Rail Grinding	2.4	2.5	(0.2)
<i>Mainline</i>	2.0	2.2	(0.2)
<i>Turnout</i>	0.3	0.3	0.0
<i>Level Crossing</i>	0.0	0.0	0.0
General Track Maintenance	7.8	5.1	2.6
<i>General Track</i>	7.1	4.5	2.6
<i>Corridor Maintenance</i>	0.3	0.4	(0.1)
<i>Track Recording</i>	0.1	0.1	0.0
<i>Ultrasonic Testing</i>	0.2	0.2	0.0
Signalling and Telecommunications	4.6	3.8	0.8
<i>Signalling Corrective</i>	1.5	1.0	0.5
<i>Signalling Preventative</i>	2.1	2.0	0.1
<i>Telecoms Corrective</i>	0.1	0.1	0.1
<i>Telecoms Preventative</i>	0.8	0.8	0.1
Other Items			
<i>Structures and Facilities</i>	1.6	1.6	0.0
<i>Trackside Systems</i>	0.5	0.4	0.1
<i>Other Civil Maintenance</i>	0.1	0.3	(0.2)
<i>Other General Maintenance</i>	0.6	0.5	0.1
Sub-Total	19.4	16.1	3.4
Ballast Undercutting Plant Depreciation	0.3	0.3	(0.0)
Total Direct Maintenance Costs	19.7	16.4	3.3