



Charles Millstead
Chief Executive Officer
Queensland Competition Authority
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Australia

Queensland Rail's 2023-24 capital expenditure claim

26 February 2025

Dear Mr Millstead,

Thank you for the opportunity to provide a submission on Queensland Rail's 2023-24 capital expenditure claim prior to the Queensland Competition Authority (QCA) determining whether the expenditure should be included in the regulatory asset base for the West Moreton system.

Aurizon Operations Pty Ltd (Aurizon) is currently the sole rail operator for coal customers on the West Moreton system.

In accordance with section 3.2(e)(vii) Schedule E of Queensland Rail's access undertaking (AU2), the factors the QCA will have regard to when assessing prudence of scope (i.e. whether the works are reasonably required) include the extent to which consultation has occurred with relevant stakeholders about the capital expenditure project.

In Attachment 1 of the Queensland Rail (QR) submission in support of its 2023-24 capital expenditure claim, for seven of the capital projects QR has stated:

Queensland Rail uses the SWUG (*South West User Group*) process to discuss closure and other major maintenance and timetabling issues with rolling stock operators.

Aurizon is a SWUG member and has participated in SWUG discussions about QR maintenance and infrastructure works insofar as this impacts network availability and timetabling. However, these discussions do not occur prior to QR's decision to commit to capital expenditure projects and do not have the potential to influence QR's decision to carry out the work. Instead, they are communications about the actual impact of the projects.

To be clear, QR is not giving SWUG members information about the pros and cons of potential projects or an opportunity to ask questions about possible timetable consequences, what the likely impacts of not proceeding may be or whether a lower cost alternative is available and has been considered.

In the context of section 3.2(e)(vii) Schedule E AU2, the later form of discussion seems to be the type of stakeholder consultation envisaged as it is relevant to the question that the QCA is assessing: i.e. are the works reasonably required?

In making this observation, Aurizon is not suggesting that QR is obliged to engage with stakeholders (operators and/or access holders) for project scope to be considered prudent and efficient. Neither is Aurizon implying that QR is intending to misinform the QCA about its consultation with stakeholders. However, we do believe that the context in which QR's reference to the SWUG process is made, gives the statements the potential to mislead as they do not mention engagement occurred after QR was committed to the project and implementing it.

To address this going forward, Aurizon would support QR engaging with the SWUG (or a smaller sub-group) on the scope of its capital expenditure program before committing to it. Given the uplift in tonnage expected over the life of the next access undertaking, it is critical that QR, Aurizon and access holders have a clear expectation of the impact capital projects will have on network availability and the timing of that impact.

The QR submission in support of its 2023-24 capital expenditure claim notes that QR seeks to minimise the below rail transit time for West Moreton coal to port, including through efficient capital and maintenance expenditure, and to meet access holder requirements by reasonably limiting the number of speed restrictions and total number of unavailable days for rail traffic. While QR relies on these performance measures to support its capital expenditure claim, it doesn't report on its success in achieving them.

Aurizon sees value for the supply chain in QR engaging with stakeholders on its target outcomes. If QR can communicate its assessment of how proposed projects will improve operational performance measures it will improve stakeholder understanding and get feedback on stakeholder priorities. Utilising the SWUG in this manner would provide an administratively efficient way to facilitate this engagement. The SWUG could also be used as a venue for QR to report on the actual impact of projects during delivery and upon completion.

If QR doesn't choose to engage with the SWUG as described above, to ensure clarity in future capital expenditure claims, Aurizon suggests that references to the extent of consultation with relevant stakeholders explicitly state when the consultation occurred (before or after QR committed to the project), what information was shared about the project and the extent to which stakeholders were able to influence QR to change its project (regardless of whether they did influence QR).

If you would like to discuss the content of this letter, or have any questions, don't hesitate to telephone Fiona Emery, Commercial Access & Regulatory Lead, on [REDACTED].

Kind regards,



Mariese Murphy
Manager Commercial Development and Implementation
Coal Customers