

File ref: 2043773

24 April 2025

Ms Pam Bains
Group Executive Network
Aurizon Network
GPO Box 456
BRISBANE QLD 4001

Dear Ms Bains

Bauhinia infrastructure rebates DAAU

On 24 April 2025, the Queensland Competition Authority (QCA) approved Aurizon Network's Bauhinia infrastructure rebates draft amending access undertaking (the Bauhinia DAAU).

The QCA has made its decision in accordance with the requirements under the QCA Act, including having regard to the statutory assessment criteria. Further detail is provided in the attached decision notice, which will be published on the QCA website for stakeholders' information, along with this letter.

I am happy to discuss any questions you may have on this decision or any other matters. Should your staff have any specific queries on the attached notice, please direct them in the first instance to Jake Murray by email (jake.murray@qca.org.au).

Yours sincerely



Charles Millstead
Chief Executive Officer

cc: Dan Kearney, Head of Finance and Regulation – Aurizon Network
Jon Windle, Network Regulation Manager – Aurizon Network

Bauhinia infrastructure rebates DAAU

24 April 2025

The Queensland Competition Authority has approved Aurizon Network's Bauhinia infrastructure rebates draft amending access undertaking, under section 142(2) of the *Queensland Competition Authority Act 1997* (the QCA Act).

On 25 February 2025, Aurizon Network submitted the Bauhinia infrastructure rebates draft amending access undertaking (the Bauhinia DAAU) under s 142 of the QCA Act. It also provided an explanatory paper with additional supporting information¹ and detailed financial models to support its proposal.

The Bauhinia DAAU seeks to amend allowable revenues and reference tariffs in Schedule F of the 2017 access undertaking (UT5). The proposed amendments reflect a new approach to the treatment of mine-specific infrastructure that had been funded by a customer under an access facilitation deed (AFD), where part of the infrastructure has become common-use infrastructure. The DAAU also includes amended drafting in Schedule F of UT5 to operationalise Aurizon Network's proposed approach to common-use infrastructure.

The Bauhinia DAAU builds on matters that have been previously raised in separate regulatory processes, including the infrastructure rebates and GAPE RCS DAAU.²

Our assessment

We have considered the Bauhinia DAAU in accordance with requirements of the QCA Act (Box 1). We published the Bauhinia DAAU on our website and invited submissions. We received a submission from the AFD customer (Glencore) – that noted it had been consulted on the DAAU and supported the proposed arrangements.³

¹ Aurizon Network, [Bauhinia infrastructure rebates DAAU](#), explanatory submission, 25 February 2025.

² Read more about the [Infrastructure rebates and GAPE RCS DAAU](#) on the QCA website.

³ Glencore, [Aurizon Network – Bauhinia infrastructure rebates DAAU](#), submission, 28 February 2025.

Box 1: Our statutory obligations

Under the QCA Act, Aurizon Network can submit a voluntary DAAU to amend the approved access undertaking.⁴

We are required to consider the DAAU and either approve, or refuse to approve, the DAAU,⁵ having regard to the matters in s 138(2) and other conditions in the QCA Act, including that the DAAU has been published and submissions have been sought and considered.⁶

If we refuse to approve a DAAU, we must provide our reasons for the refusal and state the way in which we consider it is appropriate to amend the DAAU.⁷

We have decided to approve Aurizon Network's Bauhinia DAAU. We are of the view that the Bauhinia DAAU promotes the economically efficient use of, and investment in, the Central Queensland Coal Network (CQCN), while balancing the interests of Aurizon Network, access seekers and access holders.

We note that the AFD customer and Aurizon Network have agreed to corresponding and complementary revisions to the relevant rebate agreements to reflect the proposal.⁸

The DAAU provides a discount on access charges for the AFD customer

We consider it appropriate for Aurizon Network to provide for the AFD customer to receive an AFD discount, matching similar arrangements for other CQCN customers, for its mine-specific infrastructure.⁹ Aligning the treatment of AFDs with discounts available to private infrastructure owners under UT5 provides for consistency and transparency.

The DAAU appropriately accounts for common usage of the AFD infrastructure

We consider it appropriate for AFD customers to earn returns for its common-use infrastructure that more closely align with the treatment of investment in common-use infrastructure more broadly. This provides greater consistency for user funding of common-use infrastructure and promotes efficient investment in rail infrastructure.

We note Aurizon Network and the AFD customer have negotiated revised rebate arrangements for the branchline to give effect to this approach. We accept that revised rebate arrangements require consequential changes to the revenue adjustment calculations (to remove the revised rebate

⁴ QCA Act, s 142(1).

⁵ QCA Act, s 142(2).

⁶ QCA Act, s 143.

⁷ QCA Act, s 142(3).

⁸ Aurizon Network, [Bauhinia Infrastructure Rebates DAAU](#), cover letter, 25 February 2025; Glencore, [Aurizon Network – Bauhinia infrastructure rebates DAAU](#), submission, 28 February 2025.

⁹ Also see QCA, [Infrastructure rebates and GAPE RCS DAAU](#), decision, October 2024; QCA, [Infrastructure rebates and GAPE RCS DAAU](#), decision, August 2024.

arrangements relating to common-use infrastructure from the revenue adjustment amounts). We consider the proposed amended drafting (to clause 4.3(c)(viii) of Schedule F) is suitable.

In this instance, we consider that it is reasonable for Aurizon Network to 'reverse' the rebate adjustment amount for 2023–24 attributable to the common-use infrastructure. We note the branch line was common-use at that time,¹⁰ negotiations to change rebate arrangements for common-use assets were underway (but not finalised), and Aurizon Network indicated its intended approach during earlier assessment processes.¹¹ We consider that stakeholders are unlikely to be materially impacted by this adjustment.¹²

Allowable revenues and reference tariffs

We have confirmed that the related revenue and tariff modelling reflects the premise and intent of the elements of the proposal and is consistent with approaches used in previous assessments. We consider that it is reasonable to allocate the allowable revenue for the private (13.9%) and common-usage (86.1%) portions of the branchline based on track kilometres funded through AFDs.

The proposed amendments accurately reflect this modelling.

We have assessed the Bauhinia DAAU independently of our assessment of Aurizon Network's proposed 2025–26 reference tariffs.¹³ Aurizon Network has indicated it will update its 2025–26 reference tariffs proposal to reflect our decision on the Bauhinia DAAU.

¹⁰ The relevant parts of the Bauhinia branchline became common-use infrastructure on 1 July 2022.

¹¹ Aurizon Network, [Infrastructure rebates and GAPE RCS DAAU](#), cover letter, 11 September 2024; Aurizon Network, [FY24 Rolleston rebate adjustment amount](#), cover letter, 7 November 2024.

¹² The overall increase in 2025–26 allowable revenue for the Blackwater system is \$2.47 million (0.5% of total Blackwater allowable revenue).

¹³ Read more about the [2025–26 reference tariff assessment](#) on the QCA website.