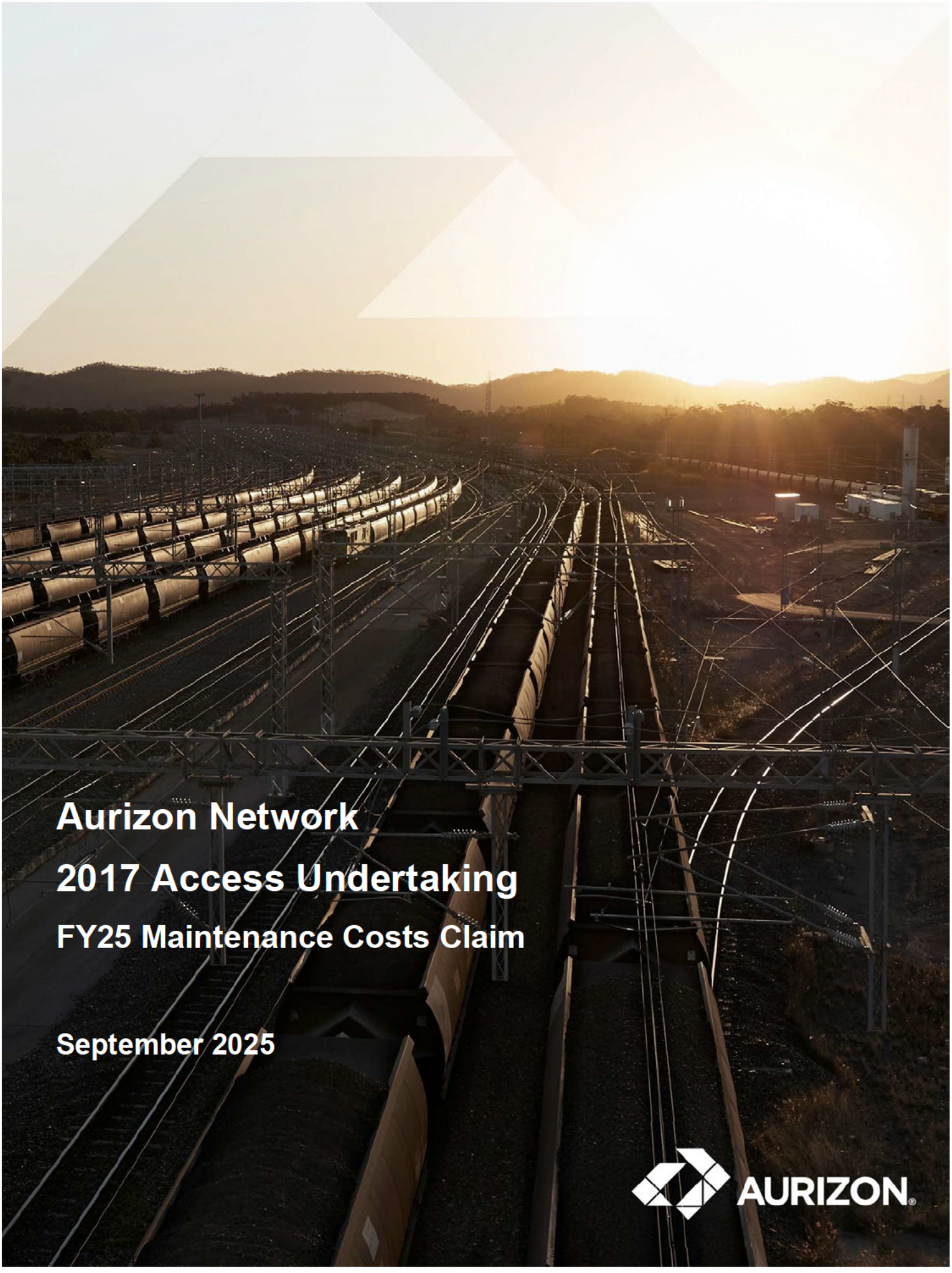

Aurizon Network
2017 Access Undertaking
FY25 Maintenance Costs Claim

September 2025

AURIZON

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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 2025 (**FY25**) was provided to the Chair of the RIG on 21 January 2024. On 14 February 2024, the Chair of the RIG advised Aurizon Network and the QCA that the relevant Special Majority of End Users had approved the FY25 Maintenance Strategies and Budgets (**MSB**) for each Coal System.

During FY25, Aurizon Network has implemented the approved MSB for each Coal System and 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 FY25 Maintenance Costs Claim

Aurizon Network submits for QCA approval, its Maintenance Costs Claim for FY25. 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 consistent[1] with the amounts communicated to Customers on:

- 31 July 2025 as part of the RIG quarterly report for FY25 Q4; and
- 14 August 2025 as part of the Quarterly RIG Forum group presentation.

Budget

The FY25 MSB provided for an approved maintenance budget of $189.3m. The budget was then adjusted to remove an estimated non-coal maintenance cost allocation of $1.0m, resulting in an aggregate maintenance indicator for the CQCN of $188.3m.

The approved FY25 maintenance budget for each Coal System is outlined in Table 1 below.

Table 1 FY25 Approved Maintenance Budget for each Coal System ($m)

System	Approved Maintenance Budget ($m)	Non-Coal Allocation ($m)	Maintenance Indicator ($m)
Blackwater	80.4	(0.8)	79.6
Goonyella	74.9	(0.1)	74.9
Moura	16.9	(0.1)	16.8
Newlands / GAPE	17.0	(0.1)	16.9
Total CQCN	**189.3**	**(1.0)**	**188.3**

Actual Expenditure

During FY25, Aurizon Network incurred total maintenance costs of $204.6m, with actual non-coal maintenance expenditure equating to $1.5m. Aurizon Network's FY25 maintenance costs claim for the CQCN in aggregate is $203.0m, representing an over-spend of $14.7m against the Maintenance Indicator after adjusting for non-coal expenditure.

The FY25 maintenance cost claim for each Coal System is outlined in Table 2 below.

Table 2 FY25 Maintenance Costs Claim for each Coal System ($m)

System	Actual Maintenance Cost Incurred ($m)	Actual Non-Coal Expenditure ($m)	Maintenance Costs Claim ($m)
Blackwater	86.6	(0.9)	85.6
Goonyella	81.1	(0.0)	81.1
Moura	18.3	(0.5)	17.8
Newlands / GAPE	18.6	(0.1)	18.5
Total CQCN	**204.6**	**(1.5)**	**203.0**

Please note that the Maintenance Indicator in Table 1 above is reflected in Allowable Revenues and Reference Tariffs for each Coal System. The difference between these values and the actual

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

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.

Aggregate Maintenance Cost Variations – CQCN

The overspend relative to budget was observed in three maintenance categories, namely:

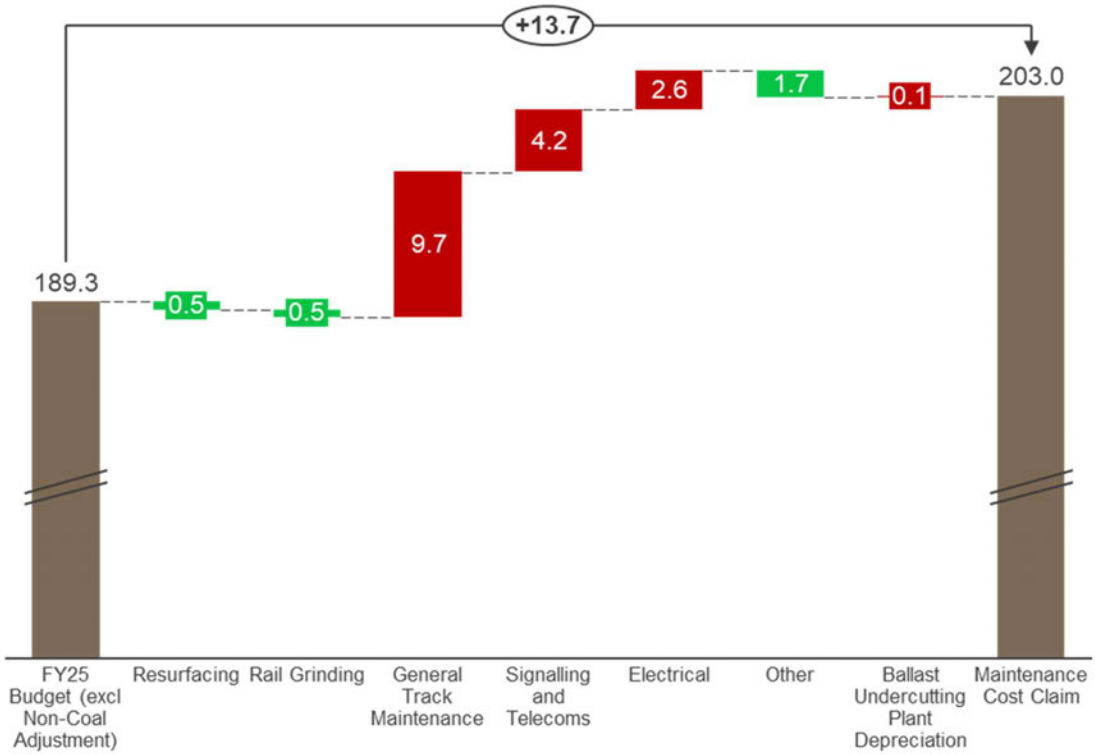
Table 3 CQCN - FY25 Maintenance Cost Variations (including and excluding non-coal expenditure)

	Variance ($m)	
Maintenance Category	Including Non-Coal Spend	Excluding Non-Coal Spend
General Track Maintenance	10.5	9.7
Signalling and Telecommunications	5.0	4.2
Electrical Overhead	2.6	2.6

The CQCN variance to budget for each category is illustrated in Figure 1 below, noting that Aurizon Network has:

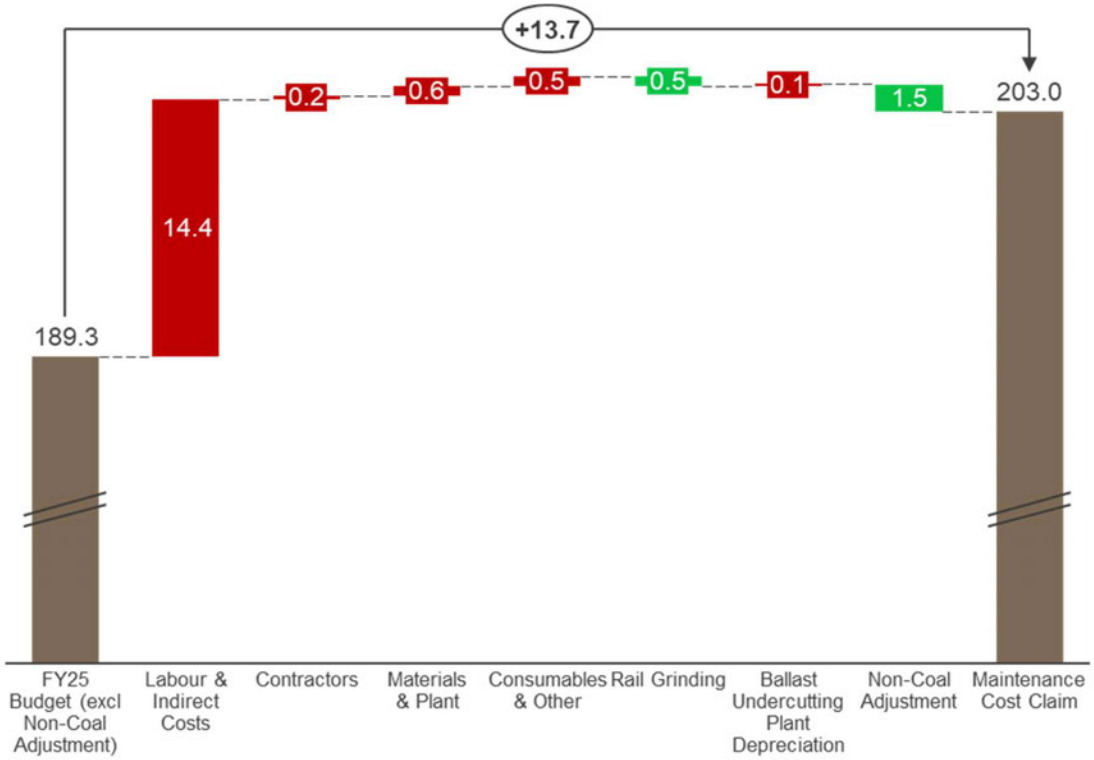
- assessed the overall direct maintenance costs impact for each Coal System and for each maintenance item; and
- removed actual maintenance expenditure associated with Rail Infrastructure used by non-coal Train Services, which are not part of the Maintenance Costs Claim.

Figure 1 CQCN – FY25 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 – FY25 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 4 below.

Table 4 Key drivers of CQCN maintenance variance to budget

Driver	Description
Labour and Indirect Costs[2]	Aurizon Network incurred additional Labour and Indirect costs within Civil and Electrical disciplines due to a combination of factor including: • Civil Infrastructure Labour: – increased corrective rail maintenance requirements, including rectification of internal rail defects and surface defects, which saw additional cost within the General Track maintenance category. • Activity Mix Variations: – Aurizon Network's internal resources are used to support both maintenance and renewal activities. Labour costs will actualise according to actual activity levels completed during the year. To the extent that actual activity levels vary from the approved budget assumptions, activity mix variations may exist between Coal Systems, between the maintenance and renewal programs and between the individual tasks within those programs. • Electrical Systems Labour: – skilled labour shortages in the Goonyella System required the redeployment of internal resources from the southern team (Blackwater) to support electrical

[2] 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
	maintenance activities. As a result, the Goonyella System incurred additional internal labour costs (offset by a consequential reduction for the Blackwater System) and ancillary costs such as travel and accommodation. Notwithstanding the additional ancillary costs, Aurizon Network considered the utilisation of internal labour to be prudent, efficient and cost-effective solution when compared to the alternative of engaging external labour hire to complete these tasks. – a budgeting error, which saw the labour costs associated with 18 positions inadvertently omitted from the cost base for the FY25 budget. This omission impacted the 'electrical overhead' and 'signalling and telecommunications' maintenance items. This omission was reported to Customers via quarterly reporting prepared for the Rail Industry Group, and additional checks have been included within the budgeting process to reduce the risk of such omissions in future. – Aurizon Network sought to internalise telecommunications maintenance activities in the western regions. This resulted in the recruitment of 6 additional internal employees, the costs of which have been offset by a reduction in external contractor costs. • Contract Labour Hire Support: – In recent years, Aurizon Network has experienced challenges attracting and retaining skilled labour within the electrical trade portfolio. Aurizon Network has relied on external contract labour hire to support its internal labour force while seeking to attract and retain additional apprentices and trainees. – During FY25, Aurizon Network progressively reduced its reliance on external labour hire through continuous improvement initiatives and as apprentices became trade qualified. Nevertheless, operational requirements resulted in timing / phasing differences relative to the budget assumptions and additional external costs were incurred during between Q1 and Q3. While the external labour costs were partially offset by the avoided cost of vacant internal roles, external labour hire costs typically exceed those associated with internal labour. • Indirect Costs: – the FY25 MRSB was developed having regard to historical costs incurred between FY22 - FY24. Over the last two years, Aurizon Network has seen minor increases across several consumable categories. FY25 saw higher than budget depreciation following prior year delays in the light vehicle replacement program. This was largely driven by the global supply chain delays experienced during FY24, resulting in variations in timing assumptions used to inform the approved budget.
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. • Targeted Drainage Program: – The increase in contractor costs is primarily driven by Aurizon Network's targeted drainage program. – The FY25 approved MRSB considered and included reactive drainage and access road maintenance activities and costs based on historical actuals across the FY22 – FY24 period. Following the extended wet weather sustained across the same period, Aurizon Network observed significant deterioration across the network, particularly within the Blackwater and Goonyella systems. – To prevent further asset deterioration, mitigate the risk of operational reliability issues and to mitigate the likelihood of unplanned impacts in the formation renewal program (access, cost and resource intensive activities), Aurizon Network implemented a targeted drainage program, which is aimed at restoring corridor drainage at sites where formation degradation is evident. – Information in respect of the targeted drainage program was presented to the RIG in October 2024 and May 2025.

Driver	Description
	– Aurizon Network considers this maintenance work to be necessary and prudent, supporting the safety, reliability and performance of the network infrastructure. • PWC Labour Efficiency Review – FY25 costs include an additional ~$250k relating to a Labour Efficiency Review undertaken by PwC following a joint engagement agreed by both Aurizon Network and the Rail Industry Group. The costs of this review were endorsed by the Rail Industry Group and are incremental to the FY25 maintenance strategy and budget. Aurizon Network has allocated the costs of this review between Coal Systems based on the percentage of labour costs for the respective Electrical system activities. • Other matters: The contractor costs associated with the targeted drainage program were partially offset by reductions in: – Telecommunications maintenance, as outlined above, internalised delivery in the western regions resulted in a reduction in external contractor spend; – Structures spend, which was impacted by a contractor safety incident and persistent wet weather. The delay in works execution saw a reduction in costs incurred in Blackwater and Goonyella relative to budget; and – costs associated with Operational Technology installed to support the operation and security of the infrastructure assets. The FY25 approved MRSB considered known technology programs and costs based on historical actuals across the FY22 - FY24 period. Timing variances and a reduction in required services and license fees have resulted in a ~$500k favourable spend in FY25 with approximately $300k of this spend replanned into FY26.
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: – plant maintenance costs in FY25 were lower than budget due to the optimisation of maintenance plans and a one-off historical fuel tax credit adjustment. These factors contributed to reduced plant costs across the resurfacing fleet, resulting in a lower allocation of costs to maintenance activities. • Rail Maintenance Materials: – Aurizon Network has seen an uplift in rail maintenance activity levels across the CQCN, with a 36% increase compared to historical averages. The increase in activity levels has driven an uplift in the quantity of materials being consumed. • Signalling & Telecommunications Corrective Materials: – Corrective and preventative electrical maintenance activities were prioritised at times during FY25 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 Ballast Materials: – FY25 saw an increase in maintenance ballast activities necessary to support asset condition. This uplift in activity has resulted in higher material consumption for the execution of the works and additional ballast materials required to top up stockpiles to support the increased level of maintenance activity. There has also been an increase in Top & Line spot tamping maintenance activity levels and mechanised resurfacing requirements, particularly in the Moura system.

Maintenance Cost Claim for Individual Coal Systems

Aurizon Network's FY25 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 5 below, noting that expenditure in the Moura System, the Newlands System and GAPE did not exceed the threshold.

Table 5 Maintenance Items exceeding the UT5 materiality threshold

System	Item	Budget ($m)	Cost Incurred ($m)		Variance ($m)
			incl Non-Coal	*excl Non-Coal*	
Blackwater	General Track	24.0	28.0	27.7	3.7
Goonyella	General Track	17.4	21.0	21.0	3.6
	Signalling and Telecommunications	13.0	15.3	15.3	2.3
Moura	N/A	--	--	--	--
Newlands / GAPE	N/A	--	--	--	--

As foreshadowed in the report provided to the RIG in respect of FY25 Quarter 4, total signalling and telecommunications spend in the Blackwater System exceeded budget by $2.38m. This variance included costs of $0.42m associated with rail infrastructure utilised by non-coal Train Services. After removing the non-coal expenditure from this maintenance costs claim, the cost variance for the signalling and telecommunications maintenance item in Blackwater falls below the UT5 materiality threshold.

In respect of the maintenance items outlined in Table 5, Aurizon Network considers that, consistent with clause 7A.11.3(q), the additional costs incurred during FY25 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 FY25 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 how Aurizon Network has sought 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

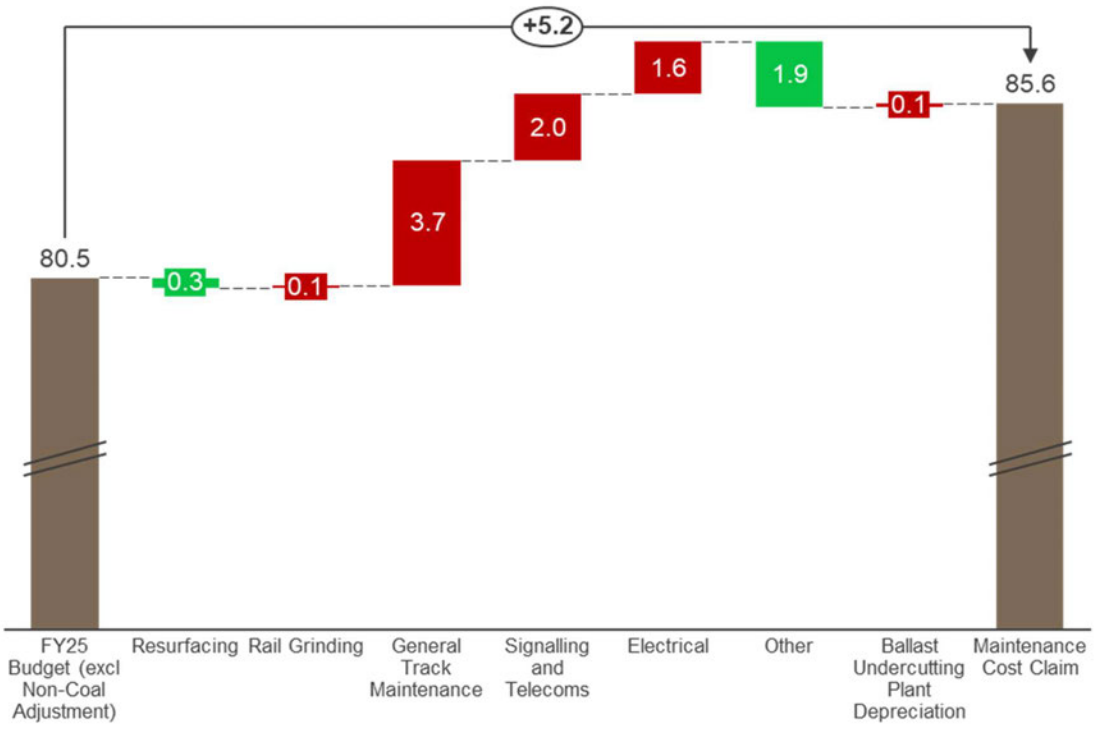
This section outlines the actual Direct Maintenance Costs that Aurizon Network incurred during FY25 in delivering Maintenance Work in the Blackwater System.

3.1 Direct Maintenance Cost Performance

Aurizon Network submits for QCA approval, a Maintenance Cost Claim of $85.6m. After adjusting for non-coal expenditure, Aurizon Network's Maintenance Cost Claim is $5.2m higher than the approved maintenance budget for this Coal System.

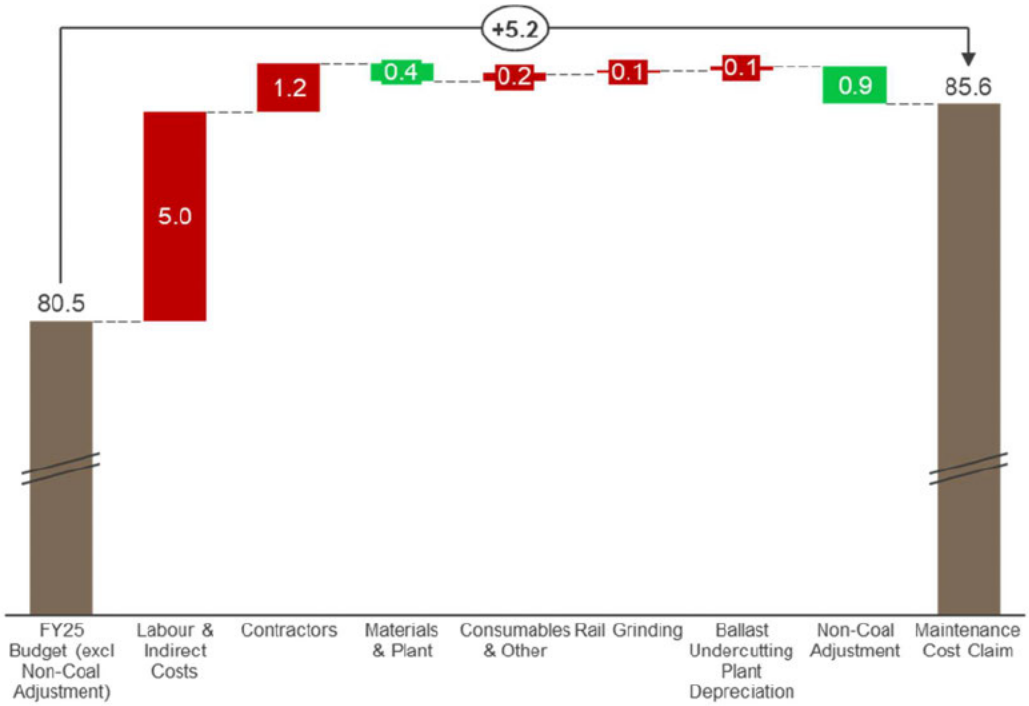
Aurizon Network has outlined cost variances by Maintenance Item in Figure 3 below.

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



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 6 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 7 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 7 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	10.0	(0.1)	9.9	10.2	**(0.3)**
Rail Grinding	9.5	--	9.5	9.4	**0.1**
General Track Maintenance	28.0	(0.3)	27.7	24.0	**3.7**
Signalling and Telecoms	14.9	(0.4)	14.5	12.5	**1.96**
Electrical Overhead	9.2	(0.0)	9.2	7.7	**1.6**
Other Items	11.8	(0.1)	11.6	13.6	**(1.9)**
Sub-Total	**83.3**	**(0.9)**	**82.4**	**77.3**	**5.1**
Undercutting Plant Depreciation	3.2	--	3.2	3.1	0.1
Maintenance Cost Claim	**86.6**	**(0.9)**	**85.6**	**80.5**	**5.2**

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 FY25 maintenance work within the defined materiality thresholds. Further commentary in respect of each maintenance item is provided in section 3.3 below.

Aurizon Network acknowledges the adverse impact to customers where costs exceed budget and actively seeks to mitigate such impacts throughout the year. Nevertheless, Aurizon Network considers that it was efficient and necessary to incur additional costs during FY25 to ensure that the required maintenance work could be delivered.

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 FY25 MSB.

Table 8 Blackwater System Scope Delivered

Maintenance Item	Scope Delivered	RIG Approved Scope	Scope Variance	% Variance
Resurfacing				
Mainline	833	896	(63)	(7%)
Turnout	164	173	(9)	(5%)
Rail Grinding				
Mainline	[redacted]	[redacted]	[redacted]	[redacted]
Turnout	[redacted]	[redacted]	[redacted]	[redacted]
Level Crossing	[redacted]	[redacted]	[redacted]	[redacted]
General Track Maintenance				
Track Recording	--	--	--	--
Ultrasonic Testing	4,908	5,042	(134)	(3%)

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 strategies[3] that underpinned the approved MSB, Aurizon Network has ensured compliance with these obligations.

As outlined in Table 7 above, a material variance exists in the General Track Maintenance category. Further information in relation to these variances are outlined below.

For all other categories within Aurizon Network's Maintenance Costs Claim for the Blackwater System, there is no material difference in comparison to the corresponding item in the approved MSB.

[3] 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.

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:

- 833km of mainline resurfacing scope during the year; 63km (-7%) lower than the approved MSB due to a reduction in reactive resurfacing requirements; and
- resurfacing on 164 turnouts during the year; 9 (-5%) fewer than the approved MSB.

Overall, resurfacing costs were $0.3m (3%) lower than budget, an outcome that can be attributed to:

- reduced scope requirements; and
- the associated reduction in operational days within the Blackwater System, which impacts how resurfacing plant costs are allocated between Coal Systems.[4]

3.3.2 Rail Grinding

During FY25, Aurizon Network completed:

- [redacted] km of mainline rail grinding scope, [redacted] km ([redacted]%) higher 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]%) higher than the approved MSB.

Rail Grinding costs were $0.1m (1%) higher than budget.

During FY25, the rail grinding program saw an increase mainline and level crossing scope to mitigate Rolling Contact Fatigue (RCF) and extend the longevity between rail replacement. An embankment failure near Lilyvale prevented the turnout grinder from completing its planned scope. These avoided turnout grinding costs partially offset the additional costs associated with mainline grinding scope.

3.3.3 General Track Maintenance

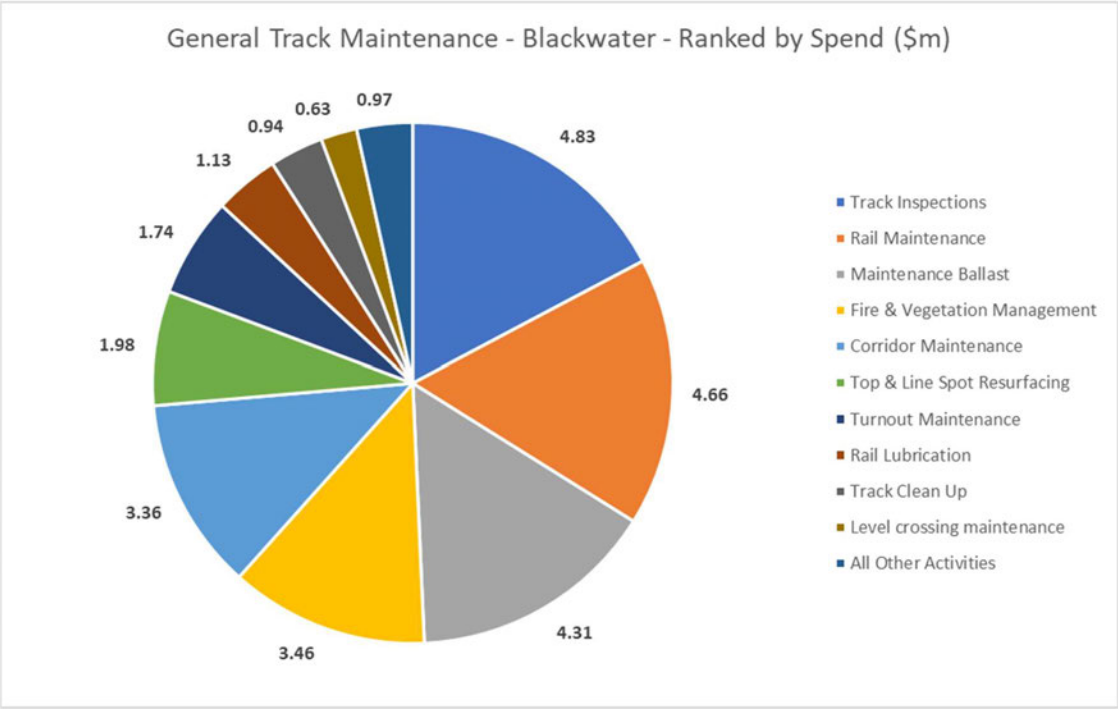
Aurizon Network incurred $27.7m for General Track Maintenance in the Blackwater System, which exceeded the approved MSB by $3.7m (+16%) in aggregate.

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).

The composition of the General Track Maintenance spend in Blackwater during FY25 is provided in Figure 5 below.

[4] Please note that costs associated with the resurfacing plant are allocated between systems based on the percentage of operational days in each system.

Figure 5 General Track Maintenance Spend by Activity – Blackwater ($m)



In comparison to the prior year (FY24), the top three activities where Aurizon Network incurred:

- additional expenditure, include Corridor Maintenance (+$1.8m), Maintenance Ballast (+$0.9m) and Fire and Vegetation Management (+$0.7m); and
- lower expenditure, include Track Geometry Recording (-$1.0m), Top and Line Spot Resurfacing (-$0.4m) and Level Crossing Maintenance (-$0.4m).

FY25 General Track Maintenance costs have exceeded the materiality threshold in both Blackwater and Goonyella systems. This is primarily due to the following costs which were not adequately reflected within the FY25 budget:

Targeted Drainage Program

During the year, Aurizon Network commenced a targeted drainage program to support the safety, reliability and performance of the network.

Poor drainage allows water to pool near the track, which decreases formation bearing strength and accelerating asset deterioration. If left unchecked, this can cause formation failures, increased Temporary Speed Restrictions (TSR's) as well as below rail delays and cancellations.

There are several sites across the CQCN which are susceptible to ongoing formation failures due to compromised subgrade. While the clay-based subgrade in these locations demonstrates good bearing capacity when dry, this reduces when wet.

The FY25 budget considered and included reactive drainage and access road maintenance activities, with forecast costs based on historical actuals across FY21 – FY23. Following the extended wet weather sustained across the same period, Aurizon Network has observed significant deterioration at several locations across the network, particularly within the Blackwater and Goonyella systems.

To prevent further asset deterioration, decrease reliability issues and to mitigate the likelihood of unplanned increases in the formation renewal program (access, cost and resource intensive activities), Aurizon Network commenced a targeted drainage program in quarter 1 of FY25 to restore corridor drainage at sites where formation degradation was evident.

As presented to the RIG in May, Aurizon Network delivered works at six (6) Blackwater locations in FY25. The selection of these locations was guided by key lag indicators to predict infrastructure reliability, including:

- Historical formation failures
- Frequency and duration of Temporary Speed Restrictions (TSRs)
- Operational impacts including cancellations and delays
- Qualitative evidence – gained via Field Inspections providing insights supporting site prioritisation.

These works were completed by external contractors and are the key driver of the variance in contractor costs illustrated in Figure 7 below.

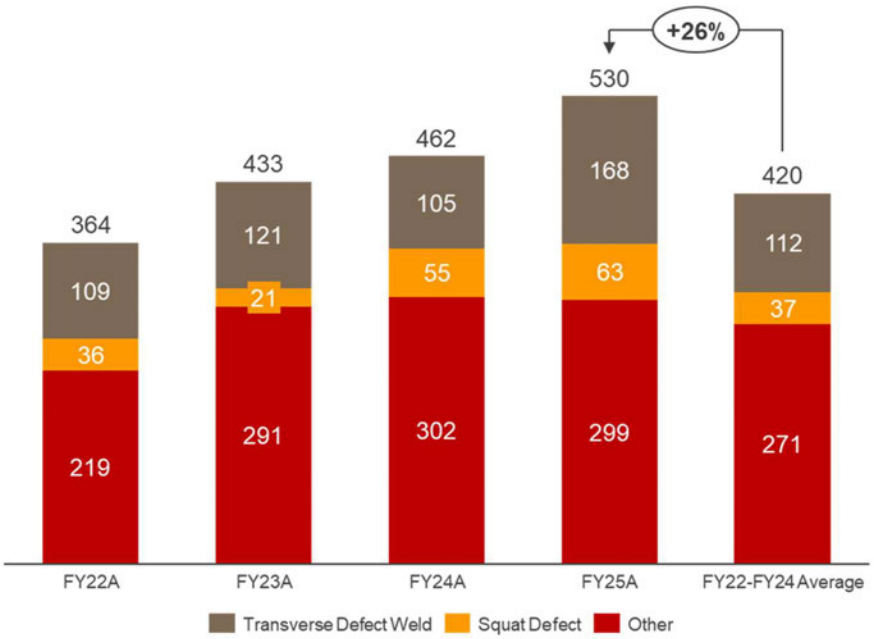
Rail Maintenance

The higher activity levels have resulted in an uplift in materials consumption and a higher allocation of internal Labour & Indirect costs than was assumed in the budget.

Aurizon Network saw an uplift in rail maintenance activity levels across all systems during FY25, the costs of which form part of the General Track Maintenance item. The FY25 budget for General Track Maintenance was largely informed by historical actual costs incurred during the period FY22 to FY24. As illustrated in Figure 6 below, the number of defects seen in FY25 was approximately 26% higher than the activity levels assumed when developing the FY25 budget.

The higher activity levels have resulted in an uplift in materials consumption and a higher allocation of internal Labour & Indirect costs than was assumed in the budget.

Figure 6 Rail Maintenance Activity Level (No. of Defects) FY22A – FY25A - Blackwater

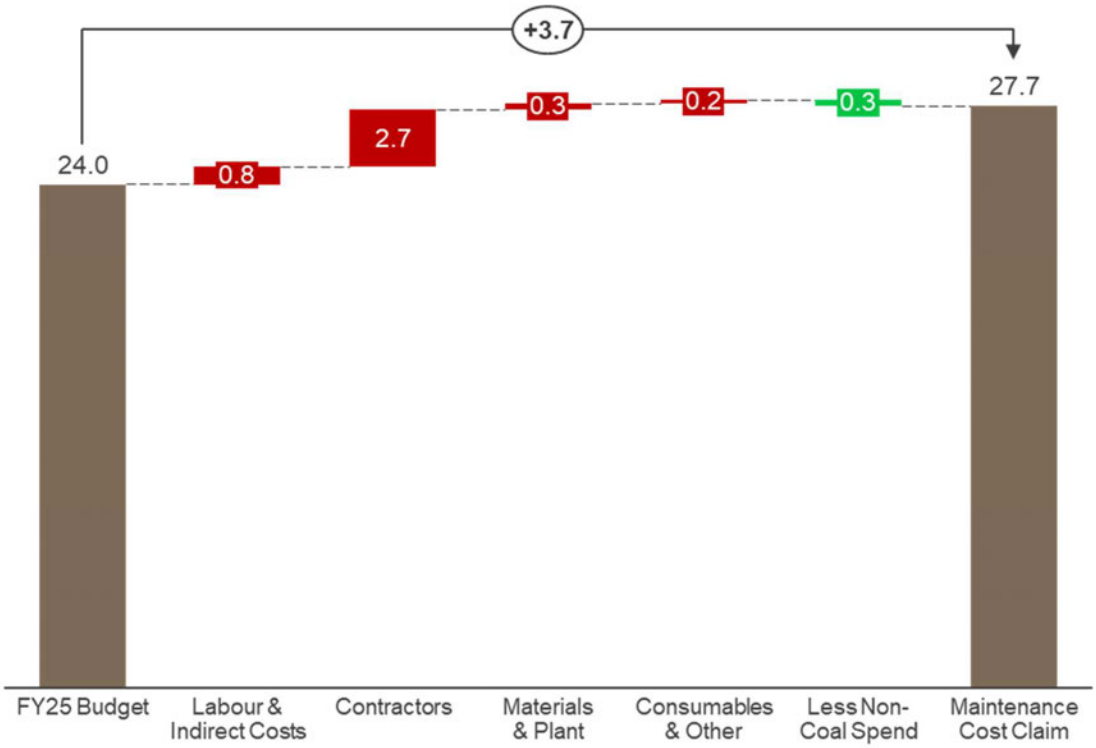


Aurizon Network / FY2025 Maintenance Costs Claim

Variances by Cost Category

The cost categories driving the increase in Blackwater General Track Maintenance spend compared to the FY25 MSB are outlined in Figure 7 below:

Figure 7 General Track Maintenance – Cost Category Variations – Blackwater



Labour & Indirect Costs

The factors impacting Labour and Indirect Costs have been described in section 1.2 of this submission. The Civil Infrastructure teams in each district are the primary contributors of labour and indirect costs within the General Track maintenance category, and Aurizon Network has incurred additional labour and indirect costs to support higher levels of corrective rail maintenance to address internal rail defects and surface defects.

Contractor Costs

Approximately $2.1m of the increase in Contractor costs for the General Track Maintenance item was attributable to additional scope associated with the targeted drainage program. Aurizon Network also incurred additional external contractor costs as a result of increased corrective maintenance on access roads and vegetation management activities.

Materials & External Plant

Increased activity levels have driven the uplift in quantities of materials being consumed, with material costs remaining largely in line with historical pricing trends.

3.3.4 Signalling and Telecoms

Signalling and Telecommunications maintenance category encompasses activities across Corrective and Preventative maintenance activities. During FY25, Aurizon Network incurred $14.5m in

signalling and telecoms maintenance costs, which exceeded the approved MSB by $1.9m (16%) in aggregate.

As described in section 1.2 of this submission (see '*Electrical Systems Labour*'), the spend variance in this category was driven by factors including:

- Additional internal labour and indirect costs due to the internalisation of telecommunications activities, but offset by a reduction in external contractor costs;
- a budgeting error, which saw the labour costs associated with eighteen positions inadvertently omitted from the cost base for the FY25 budget; and
- activity mix variations between systems.

3.3.5 Electrical

Aurizon Network incurred $9.2m in electrical maintenance costs; representing an over-spend of $1.6m (20%) in aggregate when compared to the approved MSB.

The factors driving additional expenditure in electrical maintenance are consistent with those described in the Signalling and Telecoms section above.

3.3.6 Other Items

- Structures and Facilities Maintenance - Aurizon Network incurred $5.2m in structures and facilities maintenance, representing an under-spend of $0.3m when compared to the approved MSB.
- Trackside Systems - full year spend was $0.2m higher than the approved MSB; 16% over budget. 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 $1.3m 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 $0.5m below the approved MSB.

3.3.7 Ballast Undercutting Plant Depreciation

Ballast undercutting plant depreciation was $3.2m, which was $0.1m higher 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

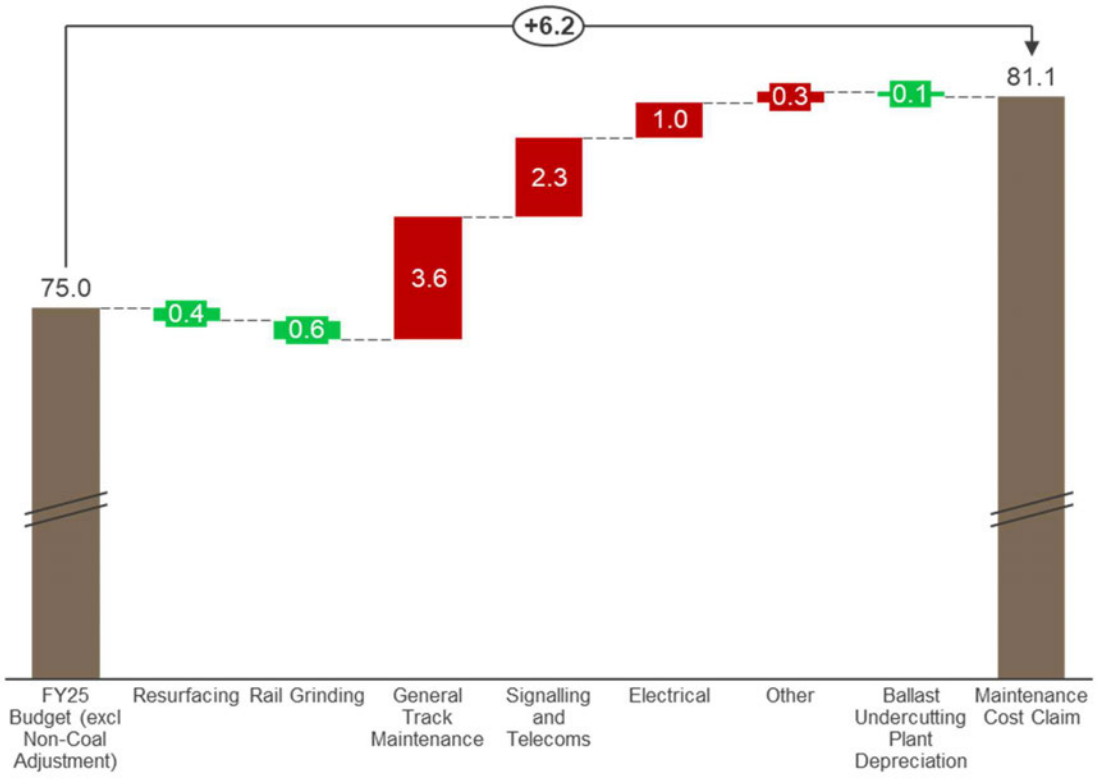
This section outlines the actual Direct Maintenance Costs that Aurizon Network incurred during FY25 in delivering Maintenance Work in the Goonyella System.

4.1 Direct Maintenance Cost Performance

Aurizon Network submits for QCA approval, a Maintenance Cost Claim of $81.1m. After adjusting for non-coal expenditure, Aurizon Network's Maintenance Cost Claim is $6.2m higher than the approved maintenance budget for this Coal System.

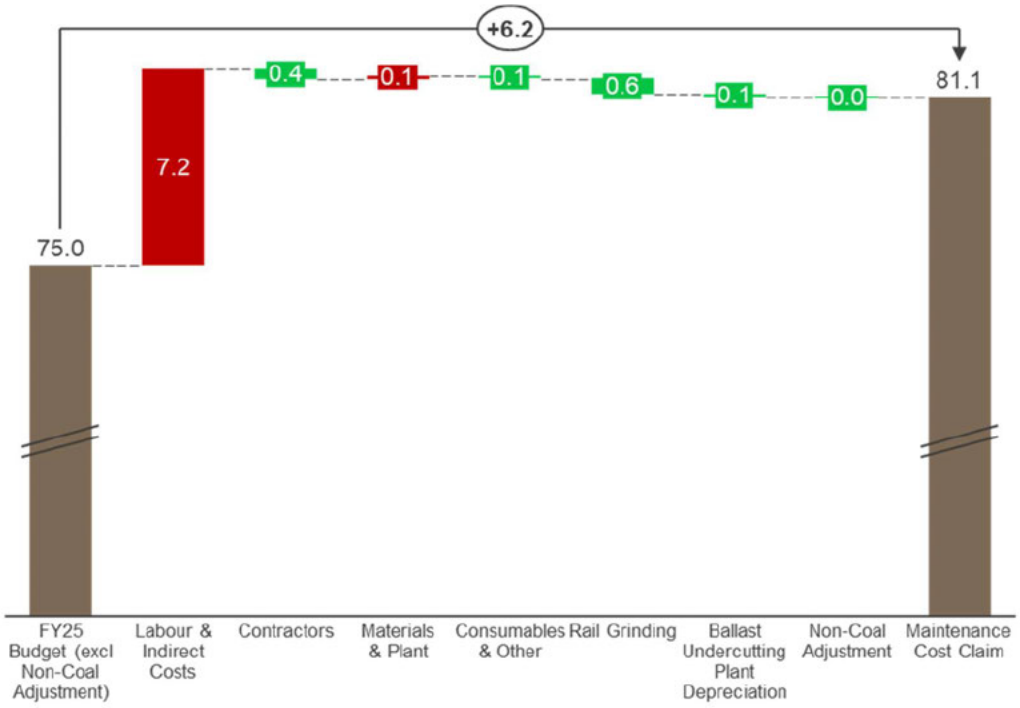
Aurizon Network has outlined cost variances by Maintenance Item in Figure 8 below.

Figure 8 Goonyella System Maintenance Cost Variance by Maintenance Item ($m)



Maintenance cost variances by cost category are summarised in Figure 9 below.

Figure 9 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 9 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 10 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 10 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	10.1	--	10.1	10.5	**(0.4)**
Rail Grinding	11.4	--	11.4	12.0	**(0.6)**
General Track Maintenance	21.0	(0.0)	21.0	17.4	**3.6**
Signalling and Telecoms	15.3	--	15.3	13.0	**2.3**
Electrical Overhead	9.8	(0.0)	9.8	8.8	**1.0**
Other Items	11.3	--	11.3	11.0	**0.3**
Sub-Total	**78.9**	**(0.0)**	**78.9**	**72.6**	**6.3**
Undercutting Plant Depreciation	2.2	--	2.2	2.3	(0.1)
Maintenance Cost Claim	**81.1**	**(0.0)**	**81.1**	**75.0**	**6.2**

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 FY25 maintenance work within the defined materiality thresholds. Further commentary in respect of each maintenance item is provided in section 4.3 below.

Aurizon Network acknowledges the adverse impact to customers where costs exceed budget and actively seeks to mitigate such impacts throughout the year. Nevertheless, Aurizon Network considers that it was efficient and necessary to incur additional costs during FY25 to ensure that the required maintenance work could be delivered.

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 FY25 MSB.

Table 11 Goonyella System Scope Delivered

Maintenance Item	Scope Delivered	RIG Approved Scope	Scope Variance	% Variance
Resurfacing				
Mainline	716	956	(240)	(25%)
Turnout	158	189	(31)	(16%)
Rail Grinding				
Mainline	[redacted]	[redacted]	[redacted]	[redacted]
Turnout	[redacted]	[redacted]	[redacted]	[redacted]
Level Crossing	[redacted]	[redacted]	[redacted]	[redacted]
General Track Maintenance				
Track Recording	--	--	--	--
Ultrasonic Testing	5,066	5,042	24	0.4%

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 strategies[5] that underpinned the approved MSB, Aurizon Network has ensured compliance with these obligations.

As indicated in Table 10 above, a material variance exists in the 'General Track Maintenance' and 'Signalling and Telecommunications' maintenance categories. Further information in relation to these variances are outlined below.

[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 716km of mainline resurfacing scope, which was 240km lower (-25%) than the approved MSB of 956km; and
- resurfaced 158 turnouts, 31 fewer (-16%) than the approved MSB.

Overall, resurfacing costs were $0.4m (4%) lower than budget, an outcome that can be attributed to:

- reduced mainline and turnout resurfacing scope requirements; and
- the associated reduction in operational days within the Goonyella System, which impacts how resurfacing plant costs are allocated between Coal Systems.

4.3.2 Rail Grinding

During the year, Aurizon Network:

- delivered [redacted] km of mainline rail grinding; [redacted] km ([redacted]%) higher than the MSB;
- completed rail grinding on [redacted] turnouts; [redacted] fewer ([redacted]%) than the MSB; and
- completed rail grinding on [redacted] level crossings; [redacted] fewer ([redacted]%) than the MSB.

Turnout grinding scope planned in Q3 was unable to be completed due to wet weather conditions. This work was unable to be replanned in Q4, resulting in an overall scope shortfall for the year.

Overall rail grinding spend was $0.6m (-5%) lower than the approved MSB.

4.3.3 General Track Maintenance

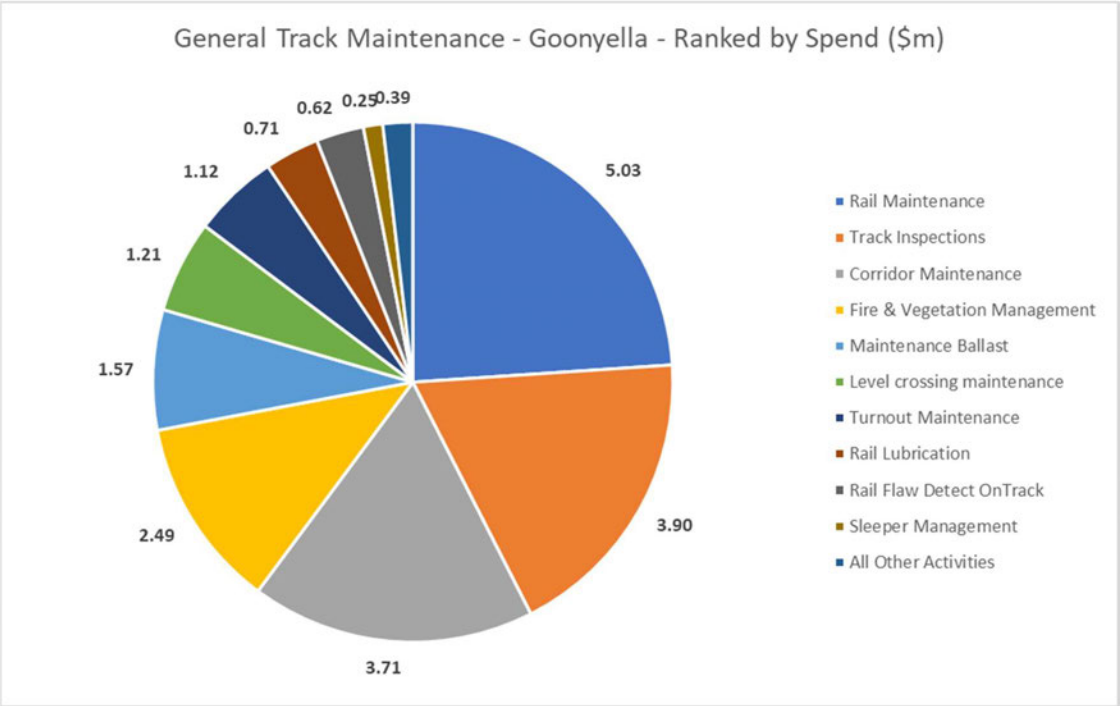
Aurizon Network incurred $21.0m on General Track Maintenance works; representing an over-spend of $3.6m (21%) in aggregate compared to the MSB.

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).

The composition of the General Track Maintenance spend in Goonyella during FY25 is provided in Figure 10 below. In comparison to the prior year (FY24), the top three activities where Aurizon Network incurred:

- additional expenditure, include Corridor Maintenance (+$2.0m), Fire and Vegetation Management (+$0.8m) and Rail Maintenance (+$0.6m); and
- lower expenditure, include Track Geometry Recording (-$0.9m), Maintenance Ballast (-$0.6m) and Turnout Maintenance (-$0.5m).

Figure 10 General Track Maintenance Spend by Activity – Goonyella ($m)



FY25 General Track Maintenance costs have exceeded the materiality threshold in both the Blackwater and Goonyella Systems. This is primarily due to the following costs which were not adequately reflected within the FY25 budget:

Targeted Drainage Program

During the year, Aurizon Network commenced a targeted drainage program to support the safety, reliability and performance of the network.

Poor drainage allows water to pool near the track, which decreases formation bearing strength and accelerating asset deterioration. If left unchecked, this can cause formation failures, increased Temporary Speed Restrictions (TSR's) as well as below rail delays and cancellations.

There are several sites across the CQCN which are susceptible to ongoing formation failures due to compromised subgrade. While the clay-based subgrade in these locations demonstrates good bearing capacity when dry, this reduces when wet.

The FY25 budget considered and included reactive drainage and access road maintenance activities, with forecast costs based on historical actuals across FY21 – FY23. Following the extended wet weather sustained across the same period, Aurizon Network has observed significant deterioration at several locations across the network, particularly within the Blackwater and Goonyella systems.

To prevent further asset deterioration, decrease reliability issues and to mitigate the likelihood of unplanned increases in the formation renewal program (access, cost and resource intensive activities), Aurizon Network commenced a targeted drainage program in quarter 1 of FY25 to restore corridor drainage at sites where formation degradation was evident.

As presented to the RIG in May, Aurizon Network delivered works at eight (8) Goonyella locations in FY25. The selection of these locations was guided by key lag indicators to predict infrastructure reliability, including:

- Historical formation failures
- Frequency and duration of Temporary Speed Restrictions (TSRs)
- Operational impacts including cancellations and delays
- Qualitative evidence – gained via Field Inspections providing insights supporting site prioritisation.

These works were completed by external contractors and are the key driver of the variance in contractor costs illustrated in Figure 12 below.

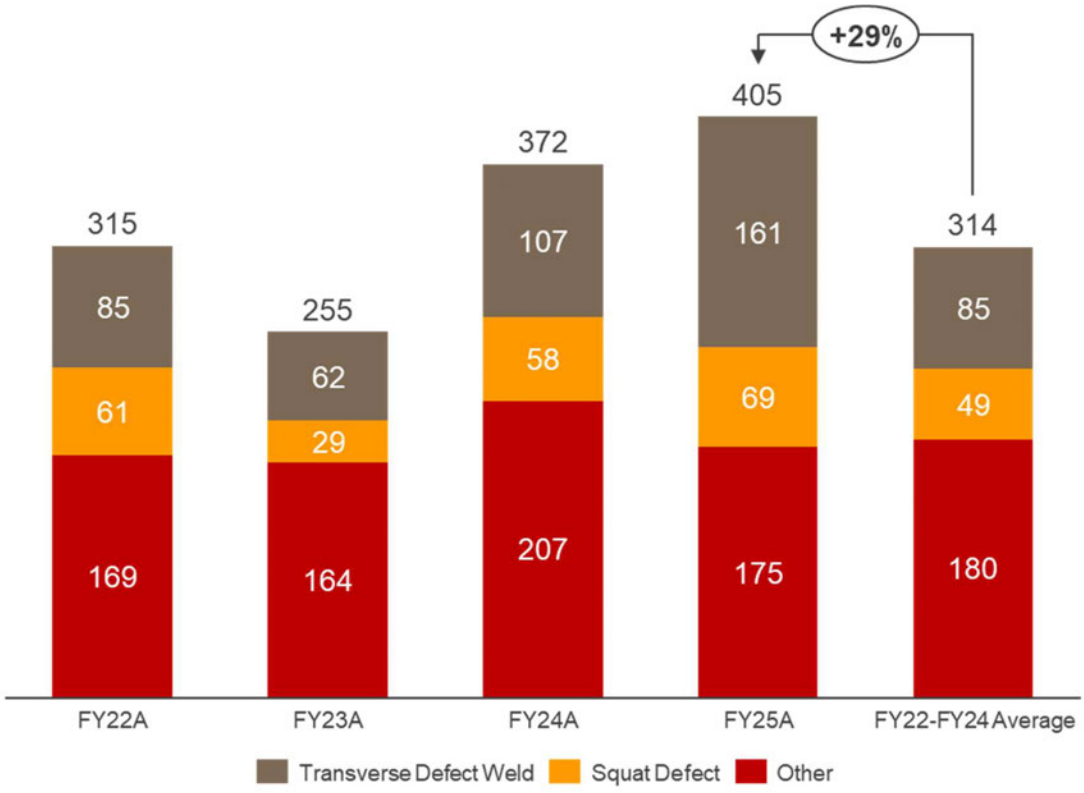
Rail Maintenance

The higher activity levels have resulted in an uplift in materials consumption and a higher allocation of internal Labour & Indirect costs than was assumed in the budget.

Aurizon Network saw an uplift in rail maintenance activity levels across all systems during FY25, the costs of which form part of the General Track Maintenance item. The FY25 budget for General Track Maintenance was largely informed by historical actual costs incurred during the period FY22 to FY24. As illustrated in Figure 11 below, the number of defects seen in FY25 was approximately 29% higher than the activity levels assumed when developing the FY25 budget.

The higher activity levels have resulted in an uplift in materials consumption and a higher allocation of internal Labour & Indirect costs than was assumed in the budget.

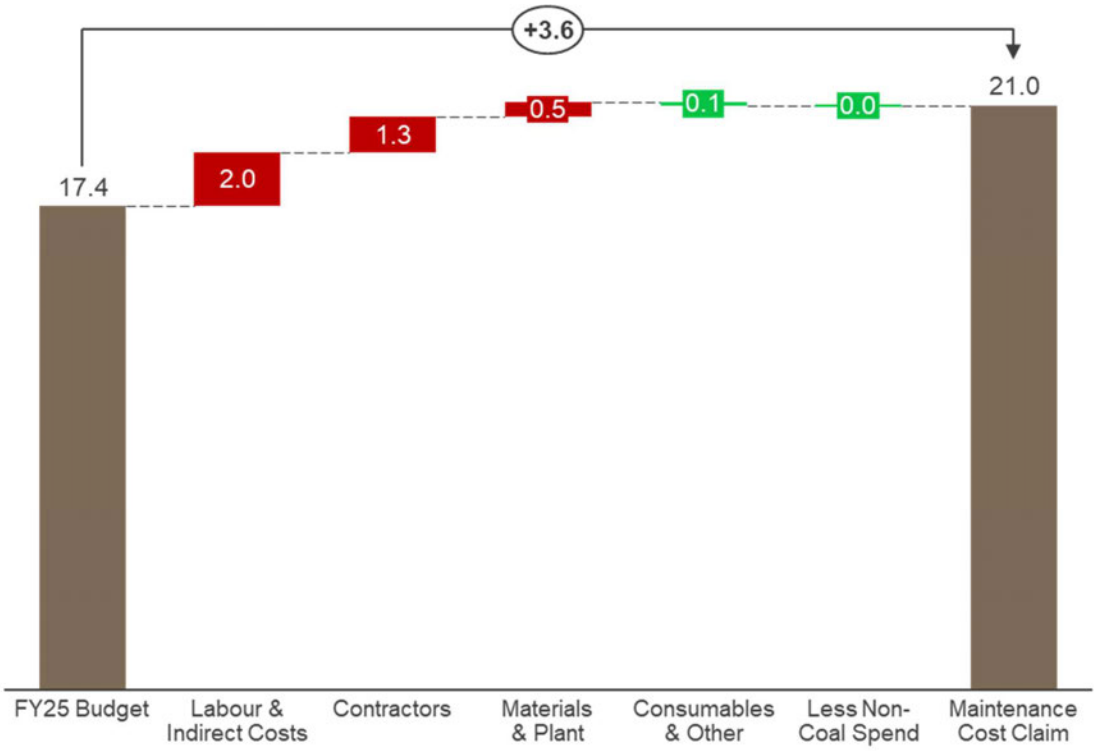
Figure 11 Rail Maintenance Activity Level (No. of Defects) FY22A – FY25A - Goonyella



Variance by Cost Category

The cost categories driving the increase in Goonyella General Track Maintenance spend compared to the FY25 MSB are outlined in Figure 12 below.

Figure 12 General Track Maintenance – Cost Category Variations - Goonyella



Labour & Indirect Costs

The factors impacting Labour and Indirect Costs have been described in section 1.2 of this submission. The Civil Infrastructure teams in each district are the primary contributors of labour and indirect costs within the General Track maintenance category, and Aurizon Network has incurred additional labour and indirect costs to support higher levels of corrective rail maintenance to address internal rail defects and surface defects.

Contractor Costs

Aurizon Network saw contractor costs for the General Track Maintenance item increase by approximately $2.4m as a result of the targeted drainage program. These costs were partially offset by contractor savings in other areas, including:

- increased maintenance support by the internal Civil Infrastructure team (i.e. reducing reliance on external resources); and
- reduction in costs due to a range of other corrective maintenance activities, including Other Corridor Maintenance and a reduction in track geometry light engine services.

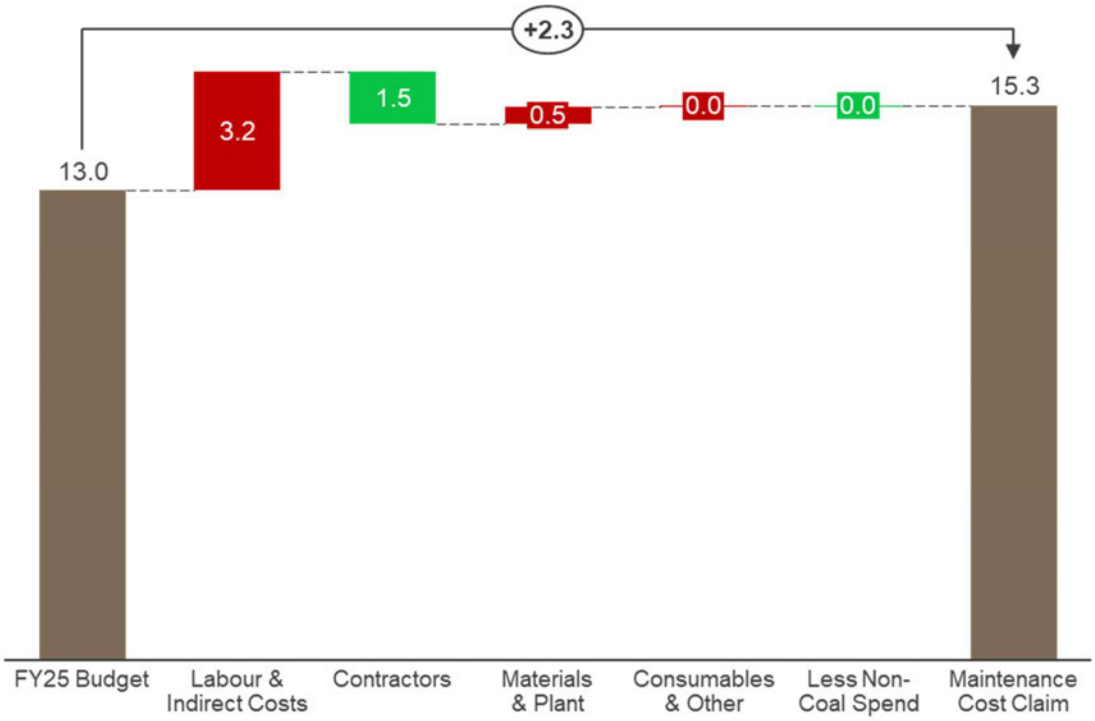
Materials & Plant

The increase in materials, plant and consumables costs are attributable to increased activity levels relating to rail maintenance and ballast maintenance.

4.3.4 Signalling and Telecoms

Aurizon Network incurred $15.3m in signalling and telecoms maintenance costs; representing an over-spend of $2.3m (+18%) when compared to the approved MSB. The key drivers of this result are illustrated in Figure 13 below.

Figure 13 Signalling and Telecoms Maintenance – Cost Category Variations - Goonyella



As described in section 1.2 of this submission (see '*Electrical Systems Labour*') and illustrated in Figure 13, the spend variance in this category was driven by factors including:

- Internal Labour & Indirect costs (+$3.2m).
- Reduction in external contractors (-$1.5m) following internalisation of telecommunications maintenance.
- Additional material costs (+$0.5m) to support the increase in corrective maintenance activity levels experienced during FY25.

Aurizon Network's Control Systems North team are primarily responsible for executing Signalling and Telecommunications maintenance activities across the Goonyella system. In addition, the Control Systems North team supports other maintenance and renewal activities, with labour and indirect costs allocated according to the works completed.

Aurizon Network has provided further information below in respect of the factors that impacted cost performance relative to budget.

Labour and Activity Mix Variations

In August 2024, Aurizon Network commenced recruitment to internalise the telecommunications maintenance activities in the western regions, which were previously completed by an external contractor. This resulted in the recruitment of internal employees in the Control Systems North team to complete this work. The additional internal labour costs were offset by a reduction in external

contractor costs, representing a net benefit of approximately $0.8m after consideration of equivalent internal labour costs and finalisation of the external contract arrangements.

The Control Systems North team experienced labour shortages across FY25, creating a risk that some maintenance activities within the Goonyella system may be unable to be completed. To mitigate this risk, internal resources were redirected from the southern team (who have held additional trainees and system maintainers to reduce the impacts of age retention risks) to support maintenance activity in Goonyella. These redeployments saw employees travelling from southern depots which help offset labour shortages, however, did result in additional ancillary costs such as travel and accommodation.

Control Systems resources deliver maintenance and capital works for electrical programs as well as provide electrical support across many renewal programs. The labour cost allocations underpinning the FY25 budget are a function of activity mix assumptions within and across Coal Systems. For FY25, Aurizon Network relied on a combination of known resource requirements and historical actuals between FY22 to FY24. These periods were impacted to some extent by labour shortages, wet weather and prioritisation of critical support works, which in some circumstances has resulted in the reprioritisation of planned electrical maintenance activities. Corrective and preventative maintenance activities may also be prioritised to ensure network reliability, provide on call support and the ability to respond to wet weather impacts or increases in corrective maintenance levels, which have been experienced throughout FY25.

Other factors impacting labour and indirect costs include:

- Additional Hours / Shifts – in accordance with the Infrastructure EA, a payment was recognised at year end to account for the additional hours and shifts worked by the Control Systems teams throughout the year. The final entitlement for FY24 was paid in July 24, resulting in an incremental cost of ~$0.1m during FY25. A provision has been included for additional hours and shifts expected to be paid in relation to FY25, which has resulted in additional costs of ~$0.3m.
- Additional on-call allowance costs and travel related allowance have been incurred as a result of high levels of “on call” support required throughout FY25 (and in particular, during the November to January period) and the additional travel undertaken by the Southern teams to support maintenance activity levels in the Goonyella System.

Error identified in the FY25 Approved Budget

Following submission of the FY25 budget, an error was identified which had the effect of inadvertently omitting the salaries of 18 positions in the electrical discipline from the FY25 budget. This omission was reported to customers via quarterly reporting prepared for the Rail Industry Group and Aurizon Network has implemented additional review processes and system checks to prevent this from reoccurring.

External Contract Labour Hire

Aurizon Network has at times, experienced challenges in the attraction and retention of critical rail specific skills and has been required to support internal resource levels with a level of external contract labour hire. While the FY25 Budget included an average of 5 external labour hire resources to support the Control Systems teams, the challenges faced during FY24 (as outlined within the FY24 Maintenance Costs Claim) saw Aurizon Network transition into FY25 with a much higher level of contract labour than was provided for in the FY25 budget.

This additional external support was utilised during quarter 1 to quarter 3 of FY25, as varying operational requirements drove phasing and timing changes to assumptions included in the budget.

Throughout FY25, Aurizon Network was able to reduce its reliance on external labour hire through continuous improvement programs and the qualification and conversion of apprentices to trade qualified roles. This saw the level of external labour hire reduced to the budget assumption of 5 FTE by the end of June 2025.

4.3.5 Electrical

Aurizon Network incurred $9.8m in electrical maintenance costs; representing an over-spend of $1.0m (+12%) when compared to the approved MSB.

The factors driving additional expenditure in the electrical maintenance are consistent with those described in the Signalling and Telecoms section above.

4.3.6 Other Items

Aggregate Spend on Structures and Facilities, Trackside Systems, Other Civil Maintenance and Other General Maintenance was $0.3m (3%) higher than the MSB.

4.3.7 Ballast Undercutting Plant Depreciation

Ballast undercutting plant depreciation was $2.2m, which was $0.1m lower than the approved MSB. The allocation of ballast undercutting plant depreciation between Coal Systems is aligned to scope delivery for the year.

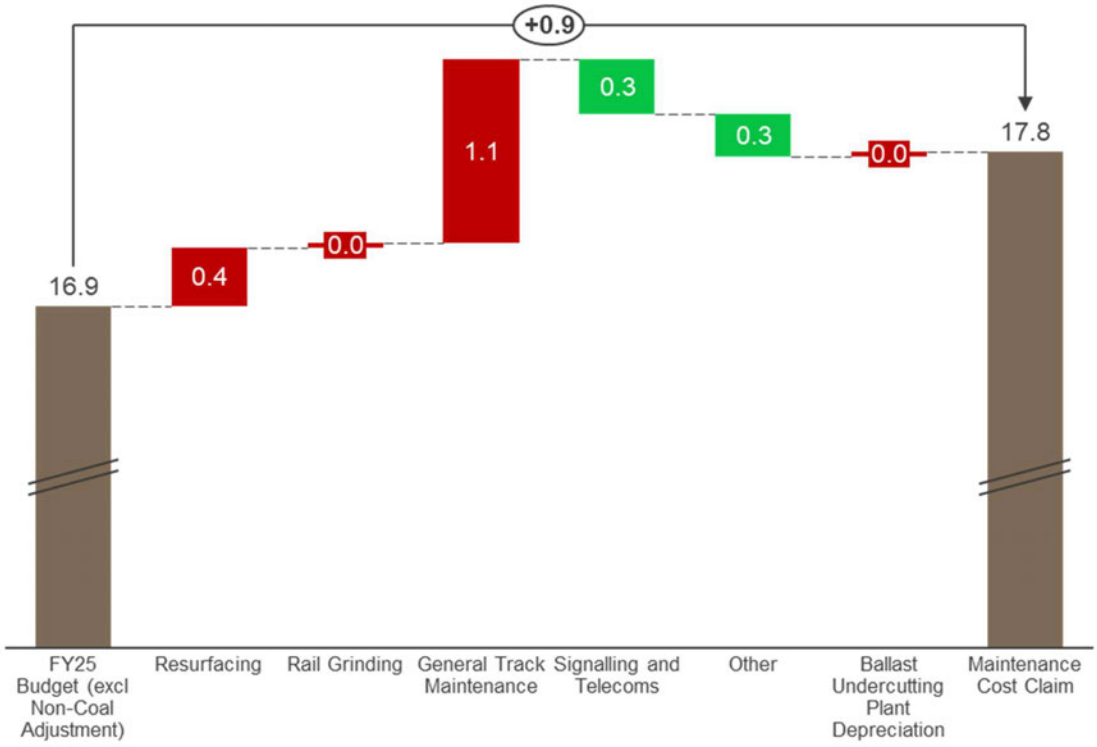
5. Moura System Maintenance Costs Claim

This section outlines the actual Direct Maintenance Costs that Aurizon Network incurred during FY25 in delivering Maintenance Work in the Moura System.

5.1 Direct Maintenance Cost Performance

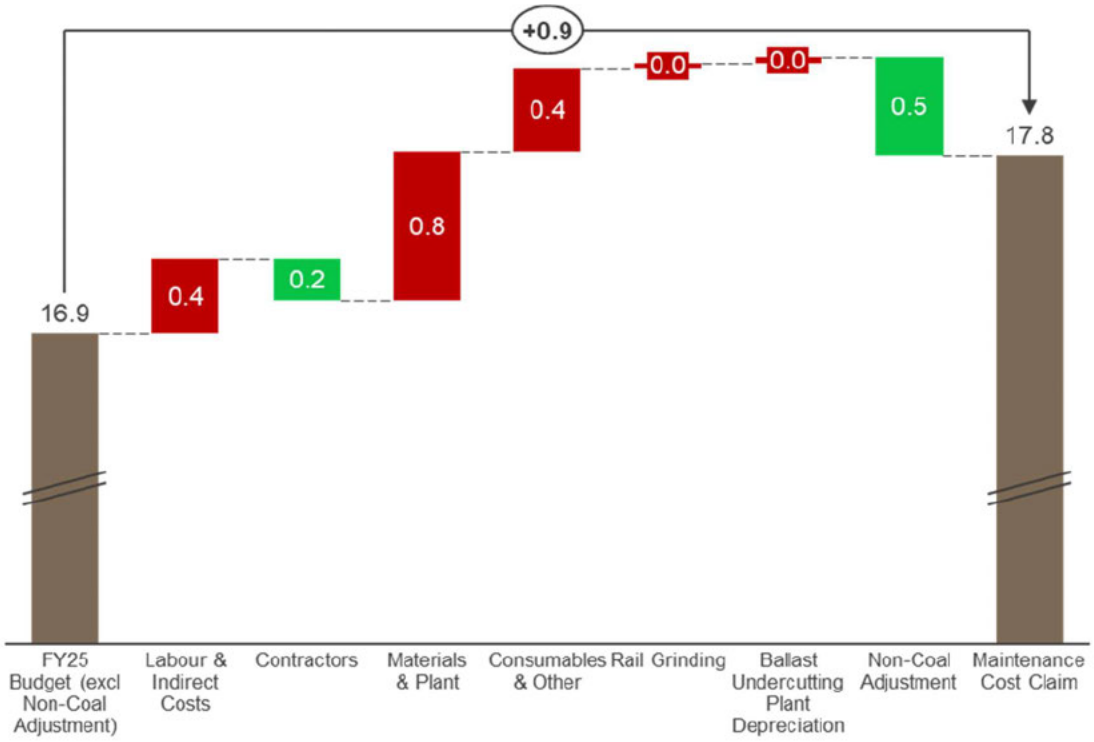
Aurizon Network submits for QCA approval, a Maintenance Cost Claim of $17.8m. After adjusting for non-coal expenditure, Aurizon Network's Maintenance Cost Claim is $0.9m higher than the approved maintenance budget for this Coal System. Aurizon Network has outlined cost variances by Maintenance Item and Cost Category in Figure 14 and Figure 15 below.

Figure 14 Moura System Maintenance Costs Incurred ($m)



Maintenance cost variances by cost category are summarised in Figure 15 below.

Figure 15 Moura System Maintenance Cost variance by cost category



Variances to the Approved MSB are primarily attributable to the additional materials, consumables and plant costs relating to the increase in corrective rail maintenance and ballast maintenance activity levels that were required to support and maintain asset condition. These activities form part of the General Track Maintenance category. Aurizon Network has described the key factors impacting these costs in section 1.2 of this submission.

Table 13 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 12 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 13 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	2.3	(0.0)	2.2	1.9	0.4
Rail Grinding	1.3	--	1.3	1.2	0.0
General Track Maintenance	8.4	(0.1)	8.3	7.2	1.1

Maintenance Item ($m)	Cost Incurred	Non-Coal Costs	Maintenance Cost Claim	Approved Budget	Cost Variance
Signalling and Telecoms	2.8	(0.3)	2.5	2.8	(0.3)
Other Items	3.2	(0.1)	3.2	3.4	(0.3)
Sub-Total	**18.0**	**(0.5)**	**17.5**	**16.6**	**0.9**
Ballast Undercutting Plant Depreciation	0.3	--	0.3	0.3	--
Maintenance Cost Claim	**18.3**	**(0.5)**	**17.8**	**16.9**	**0.9**

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 FY25 MSB.

Table 14 Moura System Scope Delivered

Maintenance Item	Scope Delivered	RIG Approved Scope	Scope Variance	% Variance
Resurfacing				
Mainline	228	170	58	34%
Turnout	16	10	6	60%
Rail Grinding				
Mainline	[redacted]	[redacted]	[redacted]	[redacted]
Turnout	[redacted]	[redacted]	[redacted]	[redacted]
Level Crossing	[redacted]	[redacted]	[redacted]	[redacted]
General Track Maintenance				
Track Recording	--	--	--	--
Ultrasonic Testing	356	380	(24)	(6%)

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 strategies[6] 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] 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.

5.3.1 Resurfacing

Aurizon Network delivered the resurfacing scope of works as outlined in the approved MSB. Scope completed for:

- Mainline resurfacing was higher than the approved MSB with 228km completed. This represents an additional 58km (+34%); and
- Turnout resurfacing was also higher than approved MSB with 16 turnouts completed, compared to a budgeted scope of 10 (+60%).

In delivering the additional scope, Aurizon Network incurred an additional $0.4m in costs (+19%). The additional resurfacing scope delivered during the year was in response to track condition.

5.3.2 Rail Grinding

During the year, Aurizon Network completed:

- [redacted]km of mainline rail grinding; [redacted]km ([redacted]%) higher than the approved MSB;
- rail grinding on [redacted] turnouts; [redacted] less ([redacted]%) than the approved MSB; and
- rail grinding on [redacted] level crossings; [redacted] less ([redacted]%) than the approved MSB.

Total rail grinding costs incurred were broadly in line with the budget. In respect of turnout grinding, pathing availability and site-specific constraints meant that Aurizon Network was unable to recover missed scope.

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 $8.4m delivering General Track Maintenance activities in Moura; representing an over-spend of $1.1m (+15%) 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 uplift in corrective rail maintenance defects; and
- a higher level of ballast maintenance activities support and maintain asset condition.

Aurizon Network did see some reductions in this activity throughout the year due to:

- reduced external contractor spend due to a reduction in vegetation management support; and
- reprioritisation of Civil Infrastructure resources to support Goonyella & Newlands corrective maintenance activity levels & reactive capital works.

5.3.4 Signalling and Telecoms

Aurizon Network incurred $2.8m in signalling and telecoms maintenance costs; approximately $0.3m (-12%) lower than the approved MSB.

5.3.5 Other Items

Aggregate spend on Structures and Facilities, Trackside Systems, Other Civil Maintenance and Other General Maintenance was $0.3m (-8%) lower than the MSB.

6. Newlands System and GAPE Maintenance Costs Claim

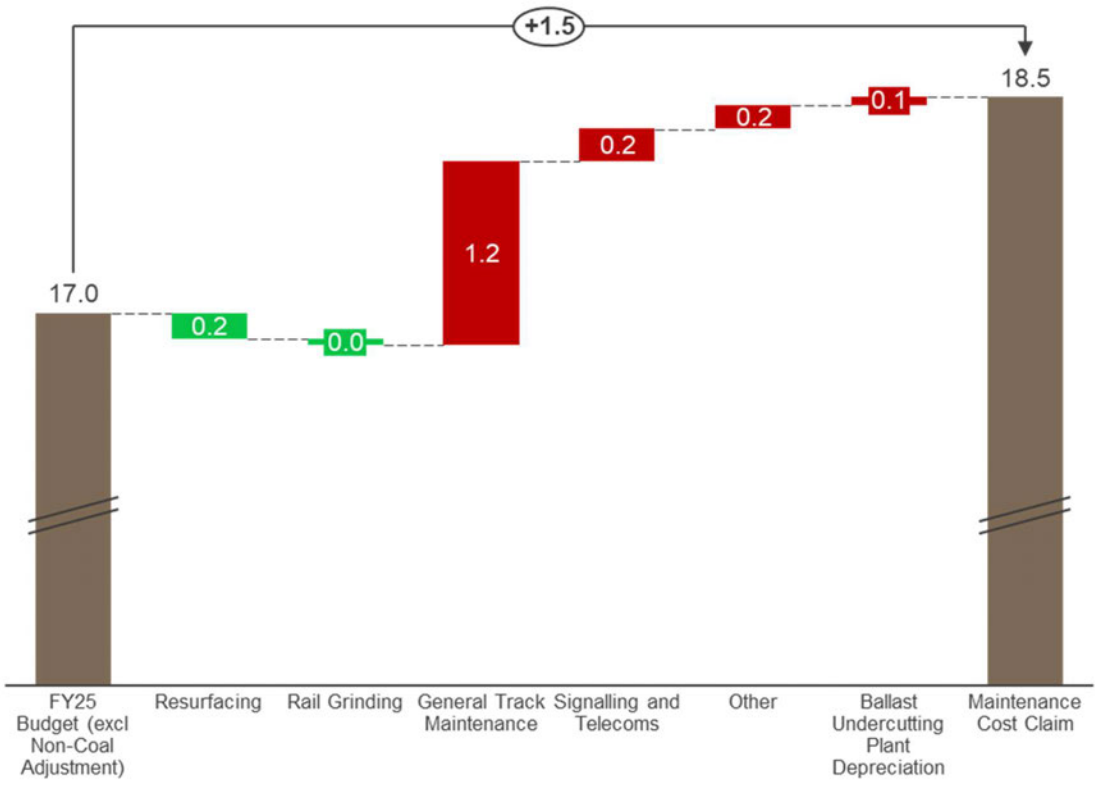
This section outlines the actual Direct Maintenance Costs that Aurizon Network incurred during FY25 in delivering Maintenance Work in the Newlands System and GAPE.

6.1 Direct Maintenance Cost Performance

Aurizon Network submits for QCA approval, a Maintenance Cost Claim of $18.5m. After adjusting for non-coal expenditure, Aurizon Network's Maintenance Cost Claim is $1.5m higher than the approved maintenance budget for this Coal System.

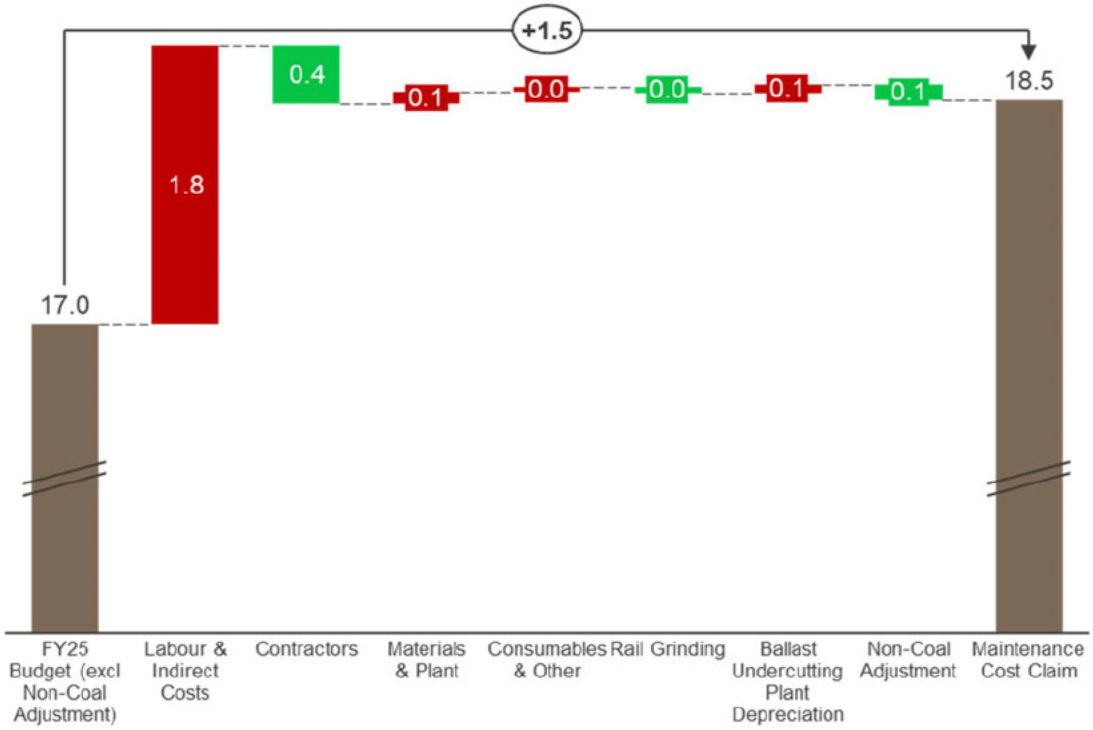
Aurizon Network has outlined cost variances by Maintenance Item in Figure 16 below.

Figure 16 Newlands System and GAPE Maintenance Cost Variances ($m)



Maintenance cost variances by cost category are summarised in Figure 17 below.

Figure 17 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 16 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 15 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 16 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	1.6	(0.0)	1.6	1.8	(0.2)
Rail Grinding	2.9	(0.0)	2.9	3.0	(0.0)
General Track Maintenance	6.7	(0.0)	6.7	5.4	1.2
Signalling and Telecoms	4.1	(0.1)	4.0	3.8	0.2

Maintenance Item ($m)	Cost Incurred	Non-Coal Costs	Maintenance Cost Claim	Approved Budget	Cost Variance
Other Items	2.9	(0.0)	2.9	2.7	0.2
Sub-Total	**18.2**	**(0.1)**	**18.1**	**16.7**	**1.4**
Ballast Undercutting Plant Depreciation	0.4	--	0.4	0.3	0.1
Maintenance Cost Claim	**18.6**	**(0.1)**	**18.5**	**17.0**	**1.5**

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

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 reflects the proportion of Gross Tonne Kilometres (GTK) railed by Newlands and GAPE Train Services during the year. The GTK for GAPE Train Services reflects the distance railed between North Goonyella Junction and Abbot Point.

The cost allocations to the Newlands System and GAPE are outlined in Table 17 below.

Table 17 Maintenance Cost Allocation to Newlands and GAPE

System	FY25 MRSB	Maintenance Costs Incurred	Non-Coal Adjustment	Maintenance Cost Claim
Newlands	6.3	7.7	(0.0)	**7.7**
GAPE	10.7	10.9	(0.1)	**10.8**
Total	**17.0**	**18.6**	**(0.1)**	**18.5**

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 FY25 MSB.

Table 18 Newlands System and GAPE Scope Delivered

Maintenance Item	Scope Delivered	RIG Approved Scope	Scope Variance	% Variance
Resurfacing				
Mainline	137	188	(51)	(27%)
Turnout	21	21	--	0%
Rail Grinding				
Mainline	[redacted]	[redacted]	[redacted]	[redacted]
Turnout	[redacted]	[redacted]	[redacted]	[redacted]
Level Crossing	[redacted]	[redacted]	[redacted]	[redacted]
General Track Maintenance				
Track Recording	--	--	--	--
Ultrasonic Testing	2,280	2,254	26	1%

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 strategies[7] 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 21 turnouts; in line with the MSB.

Aurizon Network delivered resurfacing works for $1.6m, which was $0.2m (-10%) lower than the approved MSB.

6.4.2 Rail Grinding

The scope of rail grinding works delivered was materially in line with the approved MSB. Aurizon Network completed:

- [redacted]km of mainline rail grinding scope; [redacted]km higher than the approved MSB;
- rail grinding on [redacted] turnouts; [redacted] more than the approved MSB; and
- rail grinding on [redacted] level crossings; [redacted] fewer than the MSB.

Total rail grinding costs incurred were $2.9m; in line with budget.

6.4.3 General Track Maintenance

Aurizon Network incurred $6.7m delivering General Track Maintenance activities; representing an over-spend of $1.2m (+23%) in aggregate.

The factors impacting General Track Maintenance cost performance are discussed earlier in this submission; in particular, additional internal labour support, contractor support and rail materials required to support uplift in corrective rail maintenance defects above historical averages.

6.4.4 Signalling and Telecoms

Aurizon Network incurred $4.1m in signalling and telecoms maintenance costs; representing an over-spend of $0.2m (6%) in aggregate when compared to the approved MSB.

The increased expenditure has been described earlier in this submission; in particular, the increase in labour and indirect costs within the Control Systems North team.

6.4.5 Other Items

Spend on Structures and Facilities, Trackside Systems, Other Civil Maintenance and Other General Maintenance was $0.2m (6%) higher than the MSB.

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[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.

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 19 provides examples to illustrate how Aurizon Network is seeking to promote the Maintenance Objectives in each Coal System through its Continuous Improvement Program.

Table 19 Examples of Aurizon Network's actions to promote the Maintenance Objectives

Initiative	Description
Improvement Initiatives	• Insourcing of Telecommunications preventative maintenance activities in the Electrical business, resulting in a cost reduction of $0.9m. • Integrated Work Regime (IWR) was delivered in December 2024 for Goonyella and February 25 for Blackwater. Integrating cross functional work programs within a nominated track footprint (aligning disciplines and reducing track hours), contributing to the uplift in useable capacity. The following results have been achieved while still delivering the same amount of work: – Goonyella: 22% reduction in total maintenance possession hours – Blackwater: 32% reduction in total maintenance possession hours
Electrical Labour Optimisation	An 8.5 FTE reduction in electrical labour hire has been achieved through strategic resource optimisation, alongside the conversion of 3 contractor roles to internal positions, delivering cost benefits. Progress to date includes the completion of automated in-field forms for ground inspections, which are now ready for rollout. The initiative continues to track well against planned timelines and targeted FTE reductions.

Appendix A – FY25 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 20 Blackwater System Maintenance Costs – including Non-Coal Costs ($m)

Maintenance Item ($m)	Maintenance Costs Incurred	Approved Budget	Cost Variance
Resurfacing	**10.0**	**10.2**	**(0.2)**
Mainline	8.2	8.5	(0.3)
Turnout	1.8	1.7	0.1
Rail Grinding	**9.5**	**9.4**	**0.1**
Mainline	7.2	6.7	0.5
Turnout	2.2	2.7	(0.4)
Level Crossing	0.1	0.1	0.0
General Track Maintenance	**28.0**	**24.0**	**4.0**
General Track	24.1	22.0	2.1
Corridor Maintenance	3.4	1.5	1.9
Track Recording	0.0	--	0.0
Ultrasonic Testing	0.6	0.6	0.0
Signalling and Telecoms	**14.9**	**12.5**	**2.4**
Signalling Corrective	4.4	3.2	1.2
Signalling Preventative	7.9	6.7	1.3
Telecoms Corrective	0.6	0.4	0.3
Telecoms Preventative	1.9	2.3	(0.4)
Electrical	**9.2**	**7.7**	**1.6**
OHLE Corrective	2.2	2.6	(0.4)
OHLE Preventative	4.4	2.9	1.5
Power Systems Corrective	1.6	0.7	0.8
Power Systems Preventative	1.0	1.4	(0.4)
Other Items	**11.8**	**13.6**	**(1.8)**
Structures and Facilities	5.4	5.5	(0.2)
Trackside Systems	1.2	1.0	0.2
Other Civil Maintenance	1.8	3.1	(1.3)
Other General Maintenance	3.4	3.9	(0.5)
Sub-Total	**83.3**	**77.3**	**6.0**
Ballast Undercutting Plant Depreciation	3.2	3.1	0.1
Total Direct Maintenance Costs	**86.6**	**80.4**	**6.1**

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

Maintenance Item ($m)	Maintenance Costs Incurred	Approved Budget	Cost Variance
Resurfacing	**10.1**	**10.5**	**(0.4)**
Mainline	8.3	8.6	(0.3)
Turnout	1.8	1.9	(0.1)
Rail Grinding	**11.4**	**12.0**	**(0.6)**
Mainline	9.1	9.0	0.1
Turnout	2.3	2.9	(0.6)
Level Crossing	0.1	0.1	(0.0)
General Track Maintenance	**21.0**	**17.4**	**3.6**
General Track	16.7	14.7	1.9
Corridor Maintenance	3.7	2.0	1.7
Track Recording	0.0	--	0.0
Ultrasonic Testing	0.6	0.7	(0.0)
Signalling and Telecoms	**15.3**	**13.0**	**2.3**
Signalling Corrective	5.3	3.6	1.7
Signalling Preventative	7.3	6.4	0.8
Telecoms Corrective	0.7	0.3	0.4
Telecoms Preventative	2.0	2.7	(0.7)
Electrical	**9.8**	**8.8**	**1.0**
OHLE Corrective	2.6	2.8	(0.3)
OHLE Preventative	4.5	3.5	1.0
Power Systems Corrective	1.5	0.7	0.8
Power Systems Preventative	1.2	1.7	(0.5)
Other Items	**11.3**	**11.0**	**0.3**
Structures and Facilities	2.7	3.0	(0.3)
Trackside Systems	2.4	2.1	0.3
Other Civil Maintenance	3.2	3.4	(0.2)
Other General Maintenance	3.0	2.5	0.4
Sub-Total	**78.9**	**72.6**	**6.3**
Ballast Undercutting Plant Depreciation	2.2	2.3	(0.1)
Total Direct Maintenance Costs	**81.1**	**74.9**	**6.2**

Table 22 Moura System Maintenance Costs – including Non-Coal Costs ($m)

Maintenance Item ($m)	Maintenance Costs Incurred	Approved Budget	Cost Variance
Resurfacing	**2.3**	**1.9**	**0.4**
Mainline	2.1	1.7	0.3
Turnout	0.2	0.1	0.1
Rail Grinding	**1.3**	**1.2**	**0.0**
Mainline	1.2	0.9	0.3
Turnout	(0.0)	0.2	(0.2)
Level Crossing	0.0	0.1	(0.1)
General Track Maintenance	**8.4**	**7.2**	**1.2**
General Track	7.8	6.6	1.3
Corridor Maintenance	0.5	0.6	(0.1)
Track Recording	0.1	--	0.1
Ultrasonic Testing	0.1	0.1	(0.0)
Signalling and Telecoms	**2.8**	**2.8**	**(0.0)**
Signalling Corrective	1.0	0.9	0.1
Signalling Preventative	1.3	1.4	(0.2)
Telecoms Corrective	0.2	0.1	0.1
Telecoms Preventative	0.4	0.4	0.0
Other Items	**3.2**	**3.4**	**(0.2)**
Structures and Facilities	1.6	1.6	(0.0)
Trackside Systems	0.3	0.3	(0.0)
Other Civil Maintenance	0.7	1.1	(0.4)
Other General Maintenance	0.6	0.3	0.2
Sub-Total	**18.0**	**16.6**	**1.4**
Ballast Undercutting Plant Depreciation	0.3	0.3	--
Total Direct Maintenance Costs	**18.3**	**16.9**	**1.4**

Table 23 Newlands System and GAPE Maintenance Costs – Comparison to Approved Budget ($m)

Maintenance Item ($m)	Maintenance Costs Incurred	Approved Budget	Cost Variance
Resurfacing	**1.6**	**1.8**	**(0.2)**
Mainline	1.4	1.5	(0.1)
Turnout	0.2	0.3	(0.0)
Rail Grinding	**2.9**	**3.0**	**(0.0)**
Mainline	2.5	2.5	(0.0)
Turnout	0.4	0.4	(0.0)
Level Crossing	0.0	0.0	(0.0)
General Track Maintenance	**6.7**	**5.4**	**1.3**
General Track	6.2	4.5	1.7
Corridor Maintenance	0.2	0.7	(0.5)
Track Recording	0.0	--	0.0
Ultrasonic Testing	0.2	0.2	(0.0)
Signalling and Telecommunications	**4.1**	**3.8**	**0.3**
Signalling Corrective	1.3	1.3	0.0
Signalling Preventative	1.9	1.8	0.1
Telecoms Corrective	0.2	0.1	0.1
Telecoms Preventative	0.7	0.6	0.1
Other Items	**2.9**	**2.7**	**0.1**
Structures and Facilities	1.6	1.6	0.0
Trackside Systems	0.4	0.4	0.1
Other Civil Maintenance	0.2	0.3	(0.1)
Other General Maintenance	0.7	0.5	0.2
Sub-Total	**18.2**	**16.7**	**1.5**
Ballast Undercutting Plant Depreciation	0.4	0.3	0.1
Total Direct Maintenance Costs	**18.6**	**17.0**	**1.5**