

STAKEHOLDER NOTICE

19 November 2018

Aurizon Network's 2017–18 capital expenditure claim

Aurizon Network's below-rail services in the Central Queensland Coal Network (CQCN) are declared under part 5 of the *Queensland Competition Authority Act 1997* (the QCA Act). As such, the provision of these services is governed by an access undertaking approved by the Queensland Competition Authority (the QCA), with the latest being the 2016 access undertaking (UT4) approved on 11 October 2016.

The QCA assesses the prudence and efficiency of Aurizon Network's capital expenditure each year, after the expenditure has taken place, to determine if it should be included in the regulatory asset base (RAB) for the network. In assessing the prudence and efficiency of capital expenditure, the QCA focuses on the

- scope of works
- standard of works
- cost of works.

Schedule E of UT4 further outlines the process and criteria for the QCA's assessment.

Aurizon Network's 2017–18 capital expenditure claim

On 31 October 2018, Aurizon Network submitted its 2017–18 capital expenditure claim. This submission sets out Aurizon Network's request that the capital expenditure be assessed by the QCA and accepted into the RAB in accordance with Schedule E, clause 2 of UT4. Aurizon Network amended the claim on 16 November 2018. The claim encompasses 58 projects across the CQCN totalling \$211 million (excluding interest during construction), the details of which are outlined in Aurizon Network's submission.

Project sample

As in prior years, a sample of projects contained in Aurizon Network's 2017–18 capital expenditure claim has been selected to be assessed against the criteria in Schedule E of UT4. Table 1 details a sample of 25 projects to be assessed. The sample covers all rail systems in the CQCN and totals \$182 million, or approximately 86 per cent of the total value of the capital expenditure claim.

Stakeholder submissions invited

The QCA has published Aurizon Network's claim together with this notice on the QCA website. Stakeholders are invited to submit comments on Aurizon Network's 2017–18 capital expenditure claim and proposed sample by **Monday, 3 December 2018**.

As in prior capital expenditure reviews, the QCA will publish a report in the coming months detailing our engineering expert's assessment of the projects in the sample and we will invite stakeholders comments on that report as well.

Table 1 QCA sample list—Aurizon Network's 2017–18 capital expenditure claim

<i>Project ID</i>	<i>Project name</i>	<i>Asset type</i>	<i>Claim (\$, pre-escalation)</i>
IV.00323	Track Upgrade FY18	Track	23,449,382
IV.00049	Radio System Replacement	Network Controls	23,351,894
IV.00322	Rail Renewal FY18	Rail	21,468,545
IV.00329	Structures Renewal FY18	Structures	15,054,900
IV.00344	Formation Renewal FY18	Formation / Ballast	12,236,291
IV.00364	Turnout Renewal FY18	Turnouts	11,500,392
A.04599	Havilah Culverts Upgrade	Structures	8,719,163
IV.00346	Package 1 FY18 Control Systems Renewal	Network Controls	8,223,807
IV.00347	Package 2 FY18 Control Systems Renewal	Network Controls	8,035,389
IV.00334	Bridge Ballast Renewal Program FY18	Formation / Ballast	7,272,262
IV.00321	Sleeper Renewal Program FY18	Sleepers	6,747,175
IV.00343	Level Crossings Renewal Program FY18	Level Crossings	5,421,998
IV.00360	Network Asset Mgt System Tranche 2	Operational Systems	5,311,528
IV.00399	2017 Cyclone Debbie Rectification	Various	4,441,745
IV.00384	OH Equipment Renewal FY18	Distribution Network	3,461,614
IV.00270	Ethernet to Corner SCADA Upgrade FY17	Network Controls	3,022,135
IV.00146	Sleeper Renewal FY17	Sleepers	2,843,381
IV.00294	Goonyella Supersite FY17	Network Controls	2,147,879
IV.00283	Traction SCADA System	Network Controls	2,078,916
IV.00004	Traction Fault Locator Renewal	Distribution Network	1,985,507
IV.00261	Telecommunications Infrastructure Renewal	Telecommunication	1,875,684
IV.00154	FY17 Autotransformer Renewal Project	Power Systems	1,437,366
IV.00170	Bridge Ballast Renewals FY17	Formation / Ballast	1,284,390
IV.00375	Corridor Security & Fencing FY18	Corridor Access	769,726
IV.00267	Asset Protection Equipment Replacement	Signalling Equipment	238,851
Total			182,379,920

Submissions

Closing date for submissions: 3 December 2018

Public involvement is an important element of the decision-making processes of the Queensland Competition Authority (QCA). Therefore submissions are invited from interested parties concerning its assessment of Aurizon Network's 2017–18 capital expenditure claim. The QCA will take account of all submissions received within the stated timeframes.

Submissions, comments or inquiries regarding this paper should be directed to:

Queensland Competition Authority
GPO Box 2257
Brisbane Q 4001

Tel (07) 3222 0534
Fax (07) 3222 0599

www.qca.org.au/submissions

Confidentiality

In the interests of transparency and to promote informed discussion and consultation, the QCA intends to make all submissions publicly available. However, if a person making a submission believes that information in the submission is confidential, that person should claim confidentiality in respect of the document (or the relevant part of the document) at the time the submission is given to the QCA and state the basis for the confidentiality claim.

The assessment of confidentiality claims will be made by the QCA in accordance with the *Queensland Competition Authority Act 1997*, including an assessment of whether disclosure of the information would damage the person's commercial activities and considerations of the public interest.

Claims for confidentiality should be clearly noted on the front page of the submission. The relevant sections of the submission should also be marked as confidential, so that the remainder of the document can be made publicly available. It would also be appreciated if two versions of the submission (i.e. a complete version and another excising confidential information) could be provided.

A confidentiality claim template is available on request. We encourage stakeholders to use this template when making confidentiality claims. The confidentiality claim template provides guidance on the type of information that would assist our assessment of claims for confidentiality.

Public access to submissions

Subject to any confidentiality constraints, submissions will be available for public inspection at the Brisbane office, or on the website at www.qca.org.au. If you experience any difficulty gaining access to documents, please contact us on (07) 3222 0555.