

STAKEHOLDER NOTICE

3 September 2020

Aurizon Network's 2019–20 capital expenditure claim

Aurizon Network's 2017 access undertaking (UT5) provides for the QCA to assess 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 focusses on the

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

Schedule E of UT5 further outlines the process and criteria for the QCA's assessment.

Aurizon Network's 2019–20 capital expenditure claim

On 31 July 2020, Aurizon Network submitted its 2019–20 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 UT5. The claim encompasses 40 projects across the CQCN totalling \$236 million (excluding interest during construction).

Project sample

As in prior years, a sample of projects contained in Aurizon Network's 2019–20 capital expenditure claim has been selected to be assessed against the criteria in Schedule E of UT5. Table 1 details a sample of 9 projects to be assessed. The sample covers all rail systems in the CQCN and totals \$169 million, or approximately 71 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 2019–20 capital expenditure claim and proposed sample by **Tuesday 22 September 2020**.

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.

STAKEHOLDER NOTICE

Table 1 QCA sample list—Aurizon Network's 2019–20 capital expenditure claim

<i>Project ID</i>	<i>Project name</i>	<i>Asset type</i>	<i>Claim (\$, pre escalation)</i>
IV.00605	FY20 Ballast Renewal Program	Ballast	\$63,901,439
IV.00477	Track Renewal Package 2	Track	\$32,154,636
IV.00426	Rail Renewal Program Package 2	Rail	\$25,763,731
IV.00447	Structures Renewal Package 2	Structures	\$15,103,232
IV.00456	Control Systems Renewal Package 2	Network Controls	\$14,542,832
IV.00503	Power Systems Renewal Package 1	Power systems	\$4,956,864
IV.00459	Level Crossing Renewal Package 2	Level Crossings	\$4,847,545
IV.00506	Electrical Overhead Renewal Package 1	Electrical	\$4,545,732
IV.00609	FY19 Kestrel Infrastructure Upgrade	Track	\$2,944,844
<i>Total</i>			\$168,760,855

Submissions

Closing date for submissions: 22 September 2020

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 2019–20 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 0547
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 our Brisbane office, or on our website at www.qca.org.au. If you experience any difficulty gaining access to documents, please contact us on (07) 3222 0555.