

File ref: 2040570

20 March 2025

Ms Kat Stapleton
Chief Executive Officer
Queensland Rail
GPO Box 1429
BRISBANE QLD 4001

Dear Ms Stapleton

Queensland Rail 2023-24 capital expenditure

I wish to advise that the QCA has approved Queensland Rail's 2023-24 capital expenditure claim for \$19.6 million (plus \$0.6 million interest during construction).

The QCA's decision was made in accordance with the relevant provisions of the 2020 access undertaking and is based on the information supplied by Queensland Rail. The QCA's reasoning is attached.

The QCA will publish this decision on its website.

Yours sincerely



Charles Millstead
Chief Executive Officer

Queensland Rail 2023–24 capital expenditure claim

20 March 2025

The Queensland Competition Authority has accepted all of Queensland Rail's 2023–24 capital expenditure claim (\$20.2 million) for inclusion into its regulatory asset base.

Queensland Rail's capital expenditure

Queensland Rail's provision of below-rail services is governed by its 2020 access undertaking (AU2). Under schedule E of AU2, we conduct an annual ex post assessment of the prudence of Queensland Rail's capital expenditure for inclusion in its regulatory asset base (RAB).

Queensland Rail submitted its 2023–24 capital expenditure claim for the West Moreton system on 20 December 2024. The claim is for \$19.6 million (plus \$0.6 million in interest during construction (IDC)) and comprises 5 projects in the West Moreton system, 3 system-wide projects that include works undertaken in the West Moreton system, and a claim for ballast undercutting works completed.

We provided stakeholders with an opportunity to comment on Queensland Rail's claim. We received two submissions – one from Aurizon Operations and a joint submission from New Hope and Yancoal.¹ Both submissions raised concerns about Queensland Rail's:

- approach to consultation with stakeholders in relation to capital expenditure planning – saying the current approach does not provide for a genuine consideration of stakeholders' views on a project (or alternatives) before a project is committed to, nor provide sufficient information about outcomes
- description of the process for consultation included to support its claim – disagreeing with the nature and type of consultation that had been reportedly undertaken and suggesting that the description could be potentially misleading or misunderstood.

¹Aurizon Operations, [Queensland Rail's 2023-24 capital expenditure claim](#), 26 February 2025, New Hope and Yancoal, [Queensland Rail 2023/24 Capital Expenditure Claim](#), 3 March 2025.

Assessment approach

We have assessed the prudence of expenditures included in Queensland Rail's claim against the criteria set out in schedule E of AU2, focusing on the scope, standard of works and cost (cls 3-5).

In forming our view, we had regard to information that Queensland Rail provided initially and in response to requests for information, relevant engineering advice provided to us in previous assessments, as well as the submissions we received.

QCA assessment and decision

Based on the information available to us, we are satisfied that Queensland Rail's claim for \$19.6 million (plus \$0.6 million in IDC) in capital expenditure meets the criteria for prudence under AU2 (Table 1).

We consider that the scope and standard of the works are prudent. Many of these continue existing programs of works that have been assessed (and approved) previously, or they reflect works that are necessary to maintain the safe and reliable operation of the network. We consider the projects were undertaken with regard to the current demand outlook and operating conditions, and note that Queensland Rail continues to use largely operational restrictions to manage network issues.

That said, it is our expectation that Queensland Rail improves how it engages with stakeholders before committing to significant projects to better understand whether the works are reasonably required (or whether alternatives exist), as well as the actual impact of projects during delivery and upon completion. Going forward, these matters will be addressed under the arrangements for the assessment and approval capital expenditure in Queensland Rail's 2025 access undertaking.²

We also consider that the costs of the works are prudent, based on consideration of industry benchmarks, our previous assessments and the nature of the works. For the most part, the 2023-24 costs fall within current industry standards and expectations. Where the costs are higher, these can be explained by the nature of the works undertaken and current challenging market conditions for labour and other resources.

We have confirmed that Queensland Rail has calculated the IDC consistent with past practice.

² Information on this assessment is available on our [website](#).

Table 1 Queensland Rail’s approved capital expenditure claim

Project number	Project name	Claim (\$, excl IDC)	Claim (\$, incl IDC)
B.05649	Bridge Renewal West Moreton 20/21-24/25	1,061,939	1,048,997 ^a
B.05653	Culvert Renewal West Moreton	1,552,821	1,694,969
B.05655	Level Crossing Upgrades West Moreton	999,824	1,013,095
B.06154	Toowoomba Range Slope Stability Stage 2	13,291,683	13,614,495
B.06159	Sleepers with gauge issue & Range rerail	492,005	503,412
B.04530	Regional Radio Replacement Program	364,128	424,662
B.04764	RMS2 LX System Wide	308,001	335,133
B.05016	NCL Asset Protection Stage 2	355,969	380,195
	Ballast Undercutting	1,183,868	1,183,868
Total		19,610,237	20,198,826

^a Given the timing of the majority of project expenditure (after 1 January 2024), the calculated IDC is negative (and reduces the total amount claimed).