QCA & AURIZON
CENTRAL QUEENSLAND NETWORK CAPEX REVIEW



The Client

Queensland Competition Authority

The QCA regulates the prices and terms of access for monopoly infrastructure in Queensland

The Assignment

- QCA conducts annual reviews of capital expenditure invested by Aurizon in the Central Queensland Coal Network (CQCN) below rail assets
- These reviews assess the prudency and efficiency of the expenditure's scope, standard and cost, thereby determining its acceptability or otherwise for incorporation into the regulated asset base, which in turn determines access charges to network users
- Flagstaff was engaged to perform the review of Aurizon's FY19 capital expenditure on behalf of QCA



The Challenge

- The review stakeholders include the mining companies whose coal is hauled over the CQCN, the above rail operators, and of course Aurizon. They all have competing interests and hence all subject additions to the regulated asset base to their own intense scrutiny. Flagstaff's review report was required to stand up to that scrutiny, while properly determining the prudency and efficiency of the expenditure
- Obtaining information from a busy network provider for whom this is non-core activity in a form and to the extent which supports the proper conduct of the review requires thoughtful and professional conduct of the engagement process
- The review must be conducted within the tight timeframes of the regulated asset base renewal, and within the competitive lump sum quoted by Flagstaff



The Outcome

- The review was conducted and the report published on time
- The relationship with Aurizon was professional and respectful throughout. Aurizon recognised Flagstaff's competence and in turn fulfilled all requests for information in a timely manner.

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