



Annual Report 2007-08

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Chairperson's Introduction

This twelfth Annual Report of the Queensland Competition Authority (the Authority) contains details of the Authority's activities over the financial year 2007-08.

As in previous years, an important focus of the Authority's activities in 2007-08 has been the administration of the Access Undertakings approved in 2005-06 for the Dalrymple Bay Coal Terminal (DBCT) and Queensland Rail's (QR's) intrastate rail infrastructure, both of which are crucial to the State's commodity exporters.

Capacity expansion has been the key issue for DBCT. As I anticipated in last year's Report, the system that has been established to ensure that expansions are prudent and in line with the terminal's master plan and that procurement processes are delivering value for money has continued to operate smoothly. A first phase expansion, designed to take capacity from 60 to 68 million tonnes per annum (mtpa), was completed in March 2008. The Authority has also approved Key Performance Indicators (KPIs) covering all aspects of the terminal's operations. These were developed in consultation with the terminal's operator and users. DBCT Management will now report publicly against these KPIs on a quarterly basis.

While a number of processes under the QR Access Undertaking were completed during the past year, the difficulties with operational aspects of the Undertaking that I noted in last year's Report are yet to be completely resolved. In particular, further progress is required before the master planning included in the Undertaking is fully activated.

The Access Undertakings for both DBCT and QR are due to expire next year. This presents an opportunity to address in the replacement undertakings any difficulties that stakeholders have experienced with the current undertakings. One priority should be to ensure that appropriate emphasis is given to whole-of-chain aspects of the export infrastructure that are vital to its effective operation.

In addition to residual responsibilities for electricity and gas distribution (soon to pass to the Australian Energy Regulator), the Authority now administers and enforces the Electricity Industry and Gas Industry Codes overseeing full retail competition in the Queensland electricity and gas markets. Its most prominent function in this area has been the calculation of the Benchmark Retail Cost Index, which is used to adjust electricity prices for customers who choose to remain on regulated tariffs. Other notable initiatives include the Authority's online price comparator that has assisted customers to compare the prices of electricity and gas contracts available from licensed energy retailers and the establishment of a Consumer Advisory Committee to advise the Authority on its functions with respect to the electricity or gas retail markets.

During 2007-08, the Authority completed the first stage and commenced the second stage of an investigation the Gladstone Area Water Board's proposed contingent supply strategy. It is also embarking on a new role of monitoring the retail water pricing practices of South East Queensland (SEQ) councils. In another new role as the independent review body for local government infrastructure charges schedules, the Authority has reviewed the appropriateness of the costs included in the Gold Coast City Council's infrastructure schedules for water and wastewater. I expect the Authority's responsibilities with respect to local government infrastructure charges and retail water pricing to develop further in the year ahead.

In concluding, I thank my fellow Board Members and the Chief Executive and Staff of the Authority for the professional way in which they have continued to discharge their duties. In particular, I wish to acknowledge the contribution of Ian White, who resigned as Deputy Chairman in March 2008 to take up a new position as President and CEO of the Canadian Wheat Board.

Brian R Parmenter
Chairperson
24 September 2008

The Authority

In Brief

In a properly functioning competitive market, a business is constrained by its competitors in the prices it may charge for comparable goods or services. If too high a price is charged, consumers are likely to buy from a competitor at a lower price. Alternatively, if the business is the only supplier and charges too high a price, a competitor will likely enter the market offering a lower, but still profitable, price.

It is not always possible or sensible to have competition in the provision of essential services which require significant capital investment. This is because there may be only one possible supplier [for example, there may be only one possible site for a dam] or it may not be economic to have more than one supplier.

In these cases, there are not the forces of competition available to constrain the behaviour of the respective businesses, which include water, transport and energy businesses. The role of the Authority is to put in place arrangements which will ensure that these businesses do not abuse the lack of competition.

The Authority seeks to do this in three main ways:

- using a practical business focus and economic theory, it attempts to ensure that the pricing and other arrangements surrounding monopoly businesses mimic a competitive market to the maximum extent possible and reasonable, so that consumers may access services at a price which is fair to them and at the same time provides the businesses with a fair investment return;
- ensuring that businesses may gain access to the infrastructure they need to enable them to compete in the market with an existing monopoly supplier. For instance, companies other than Queensland Rail may now run trains on Queensland Rail owned track, in the same way that Optus may provide telephone services over Telstra's copper wire network. As a result, coal mines are now able to choose the supplier who offers the best train service; and
- ensuring that government business activities which compete in the market with non-government business activities do so fairly and do not take unfair advantage of their government ownership, which may include that they may not need to obtain a fair return on their investment in order to remain in business.

The Full Picture

The responsibilities of the Authority, as set out in its legislation, are explained in more detail below:

Goals and Functions

The Authority is an independent agency that was established in 1997. It arose out of a series of Council of Australian Governments agreements which aimed to forge a national approach to the implementation of competition policy.

The *Queensland Competition Act 1997* (the QCA Act) was amended in May 2008. The amendment extended the Authority's role into some non-government monopoly activities and imposed timelines in relation to access determination decisions.

The Authority seeks to provide a recognised avenue whereby both government and third parties may rely on an independent, objective appraisal of issues subject to its review. It also seeks to produce sensible, forward-looking solutions and recommendations which are capable of practical implementation and which facilitate compliance with the principles of national competition policy.

Responsibilities

In terms of the QCA Act, the Authority's main responsibilities are:

Monopoly Prices Oversight

'Monopolies should not abuse their market power'

Monopoly prices oversight is a mechanism that seeks to ensure that government and certain non-

government monopolies or near monopolies do not charge excessive prices for their products or services. Such monopolies may have the ability to charge excessively either because no competitors exist or those that do are not effective.

Through the prices oversight process, the Authority either investigates the pricing practices of government and certain non-government monopolies or simply monitors their pricing practices. Which of these particular functions is performed depends on the referral the Authority receives from the Premier and the Treasurer (the Ministers), as the Authority only performs these functions on request from the Ministers.

Third Party Access

'Essential infrastructure should be accessible to all potential users'

Third party access supports competition by enabling competitors (i.e. 'third parties') to access essential infrastructure which cannot be economically duplicated. Infrastructure which may meet this criterion includes electricity and gas distribution systems, water storage and distribution systems, rail tracks and port channels. Third party access enables competition to occur in related markets such as electricity and gas retailing and rail transport.

Competitive Neutrality

'Significant government business activities which compete with the private sector should do so fairly'

The principle of competitive neutrality requires that government business activities that are in competition with the private sector should not have a competitive advantage by virtue of their government ownership. This principle is limited, in so far as the Authority's responsibilities are concerned, to declared government business activities which have a competitive advantage by not being subject to one or more of the following: Commonwealth or State taxes and tax equivalent systems; debt guarantee fees; or the procedural or regulatory requirements of the Commonwealth, State or local government.

The need for competitive neutrality is reinforced by the growth in competition between the public sector and the private sector resulting, in part, from the commercialisation and corporatisation of government business activities. The principle of competitive neutrality does not extend to competitive advantages arising from factors such

as business size, skills, location or customer loyalty.

General Issues

Under section 10(e) of the QCA Act, the Ministers can direct the Authority to examine and report on any matter relevant to the implementation of competition policy. There are no such directions currently in place.

In addition to its responsibilities under the QCA Act, the Authority has responsibilities under other Queensland legislation. During the past year, the Authority was responsible for the pricing of gas distribution services under the National Gas Code through the *Gas Pipelines Access (Queensland) Act 1998* and electricity distribution services under the National Electricity Rules through the *Electricity Act 1994*. However, due to revisions to these Acts, responsibility for energy distribution is being progressively transferred to the Australian Energy Regulator.

The Authority also has responsibilities regarding market conduct and potential responsibilities in relation to service quality and the setting of retail prices under the *Electricity Act 1994*, the Electricity Industry Code and the *Gas Supply Act 2003*.

The Authority also has responsibilities under the *Local Government Act 1993* with respect to the application of competitive neutrality principles by significant local government business activities.

Under the *Integrated Planning Act 1997*, the Authority can be requested to provide advice to the Minister for Infrastructure and Planning on Local Government Infrastructure Charges.

In addition, the Authority has arbitration responsibilities under the *Water Act 2000* in relation to decisions by the Department of Natural Resources and Water concerning a service provider's obligations in relation to strategic asset management plans.

Application

In undertaking its roles, the Authority is currently working in the following areas:

- Ports
- Electricity
- Local Government
- Competitive Neutrality
- Rail
- Gas
- Water

Members of the Authority

Under the QCA Act, the Authority is to consist of at least three members, each of whom may be appointed for a term not exceeding five years. In appointing a member, regard must be had to the desirability of the members collectively having knowledge and understanding of commerce, economics, the interests of consumers and the interests of the Government in government agencies that carry on business activities.

Mr Brian Parmenter, BA (Hons), MA

Chairman – Appointed in 2005, Mr Parmenter is a consultant with Frontier Economics. He previously held an executive position with Tactical Global Management Ltd (TGM), a Brisbane-based funds management firm, and before that was Professor of Applied Economics at Monash University, a member of the Monash University Council and Chairman of the TGM Board.

Mr Ian White, BEcon (Hons) CPA FAICD

Deputy Chairperson – Mr White resigned as Deputy Chairman in March 2008 upon his transfer to Canada. During his time as Deputy Chairman, Mr White was the Managing Director and Chief Executive Officer of Queensland Sugar, a position he held for over eight years.

Mr Mark Christensen BBus MFM CPA FSIA

Member – Appointed in 2005, Mr Christensen is a Senior Lecturer in the School of Economics and Finance at the Queensland University of Technology and has been lecturing for 25 years. During this time, he has consulted to private and public organisations both in Australia and internationally, mainly on valuation issues and capital structure. Mr Christensen is actively involved in education within the broader business community via professional associations and also as an author of finance texts.

Hon. Steve Bredhauer DipT MAICD

Member – Appointed in 2007, Mr Bredhauer is the Director of Bredhauer Consulting Services, a company providing advice to industry on public sector governance issues for major development projects in transport, energy and water. Mr Bredhauer is also the Queensland Government Special Trade Representative to China and Vietnam. From 1998 until 2004, Mr Bredhauer

was the Queensland Government Minister for Transport and Minister for Main Roads.

Professor Justin Malbon, LLB LLM PhD Barrister

Member – Appointed in 2001, Professor Malbon is at the Law School, Monash University. He previously held the position of Associate Professor at the Law School, Griffith University and is a former Dean of the Law School. He is a former Assistant Parliamentary Counsel with the Queensland Office of Parliamentary Counsel and a solicitor with Blake Dawson Waldron. He has been actively involved in the consumer movement for many years, holding positions as President of the Queensland Consumers' Association and as a member of the board of the Australian Federation of Consumer Organisations.

Chief Executive

Mr E John Hall, BCom BEcon MBA AAUQ FAICD

Mr Hall has been Chief Executive of the Authority since its inception in 1997. Prior to that, Mr Hall had extensive senior executive experience in the public and private sectors, including almost 10 years at chief executive level. Mr Hall is also an experienced company director, having held board positions, including those of Chairman and Deputy Chairman, with a number of public and private enterprises. Mr Hall is currently a Director of Consolidated Rutile Ltd.

Senior Staff

Mr Paul Bilyk, BEcon(Hons)

Director - Mr Bilyk has broad experience in the oversight of infrastructure industries, first at the Industry Commission and then at the Bureau of Industry Economics. Between 1996 and 2001, Mr Bilyk was a Director in the Australian Competition and Consumer Commission's Electricity Branch, where he was involved in a range of market design, third party access and regulatory projects. Mr Bilyk has headed the ports and rail team since he joined the Authority in 2001.

Mrs Robyn Farley-Sutton, BCom BEcon

Director - Mrs Farley-Sutton joined the Authority in July 2007 and has considerable experience in finance, human resource management, information technology and administration. Mrs Farley-Sutton held a similar position for four years at the Gold Coast Institute of TAFE and worked in a variety of administrative and financial roles the UK in the education, housing and financial sectors.

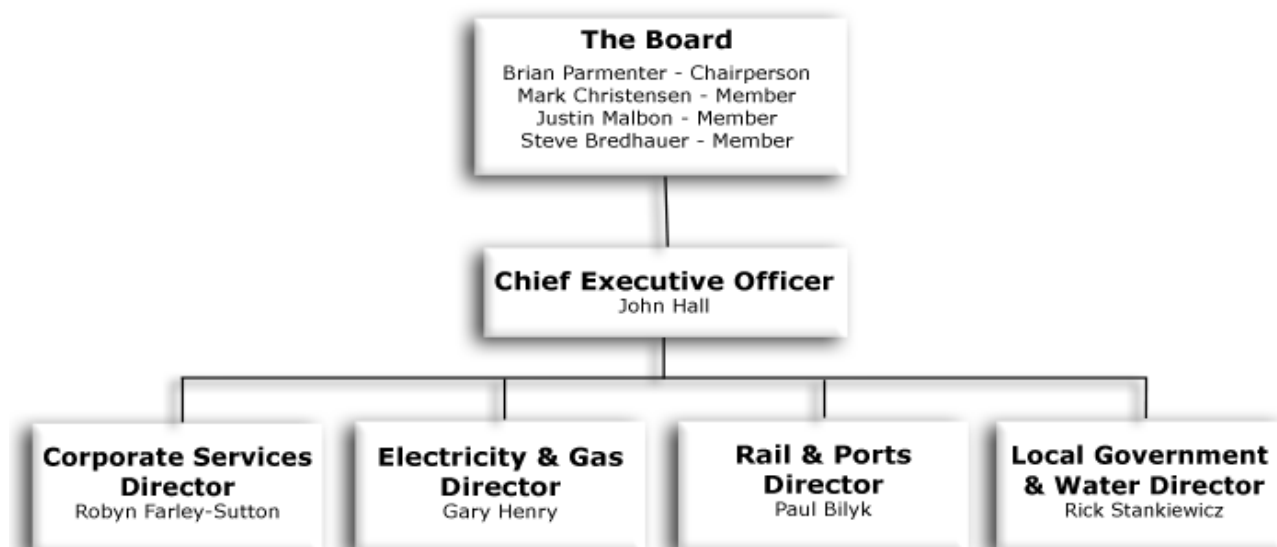
Mr Gary Henry, BCom(Econ)

Director - Mr Henry joined the Industries Assistance Commission in 1984 and worked on a range of industry inquiries in both the Econometric and Inquiry Divisions of the Commission. In 1990, he moved to the Northern Territory Treasury where he held a number of senior positions before being appointed Deputy Under Treasurer in 1996. Mr Henry commenced as a Director with the Authority in 2000.

Mr Rick Stankiewicz, BEcon MEconStuds MProfAcc MBA

Director - Mr Stankiewicz has been with the Authority since its inception in 1997. Prior to joining the Authority, Mr Stankiewicz was a Director of the Audit Commission Implementation Office, served as an advisor to the Commission of Audit and, prior to that, was a Director with Queensland Treasury. He has considerable experience in micro-economic reform and industry policy.

Organisation Chart as at 30 June 2008



Summary for the Year

Issues Papers / Request for Comments Papers / Discussion Papers / Decisions / Reports to Government

| | |
|------------------------|-----------|
| Competitive Neutrality | 0 |
| Electricity | 19 |
| Gas | 4 |
| Rail | 11 |
| Ports | 2 |
| Water | 4 |
| Local Government | 3 |
| Other | 0 |
| Total | 45 |

Submissions Received

| | |
|------------------------|-----------|
| Competitive Neutrality | 0 |
| Electricity | 45 |
| Gas | 11 |
| Rail | 16 |
| Ports | 0 |
| Water | 9 |
| Local Government | 0 |
| Other | 0 |
| Total | 81 |

Legislative Provisions

The Authority's legislative responsibilities can be found in:

- the Queensland Competition Authority Act 1997
- the Local Government Act 1993
- the Electricity Act 1994
- the Electricity - National Scheme (Queensland) Act 1997
- the Gas Pipelines Access (Queensland) Act 1998
- the Gas Supply Act 2003
- the Integrated Planning Act 1997
- the Water Act 2000

Ports

In Brief

The coal handling services at the Dalrymple Bay Coal Terminal (DBCT) have been 'declared' for third party access under the QCA Act.

The Authority's work during 2007-08 has concentrated on the terminal's expansion and development of Key Performance Indicators for the terminal's operation.

The Full Picture

Access Undertaking

The coal handling services at DBCT are declared under Part 5 of the QCA Act for the purpose of third party access.

DBCT Management has been progressively engaged in expansion of this terminal. In March 2007, DBCT Management commenced an expansion to increase capacity from 60 million tons per annum (mtpa) to 85 mtpa over three phases. The first phase of this expansion (from 60 to 68 mtpa) was completed in March 2008.

A key feature of the DBCT access undertaking is the arrangement for the Authority to assess the prudence of capital expenditure as the expansion works are progressing. In particular, the undertaking provides for the Authority to accept expansion expenditure where it considers that, among other things:

- the scope of the proposed expansion is consistent with the terminal's master plan;
- the proposed works are necessary and the contract terms are reasonable; and
- the works were contracted and managed in accordance with an approved tender and contract management process (TCMP).

Collectively, these controls require DBCT Management to rigorously justify its expansion plans and demonstrate that its procurement processes deliver value for money.

By the close of the 2007-08 financial year, the Authority had accepted the standards, specifications and the costs for 66 contract packages worth approximately \$790 million (representing about 65% for the forecast engineering costs for the expansion).

In September 2007, DBCT Management sought the Authority's approval to increase regulated revenues and tariffs for the forecast costs of the phase 1 expansion. The Authority approved these forecast costs in October 2007. This increased the terminal's tariffs from \$1.4977 to \$2.0652 per tonne.

Key Performance Indicators

In April 2008, DBCT Management submitted 19 proposed Key Performance Indicators (KPIs) for the Authority's approval. The proposed KPIs covered all aspects of the terminal's operations and were developed in consultation with the terminal operator and the terminal's users. The Authority approved the proposed KPIs in June 2008 following a short public consultation process. DBCT Management will now publicly report on the terminal's performance on a quarterly basis.

Roll-forward

The undertaking provides for the Authority to approve annually the roll-forward of the terminal's regulated revenues and tariff adjusting for the impact of inflation. In May 2008, DBCT Management submitted and the Authority approved an increase in the terminal's tariff from \$2.0652 to \$2.1185 per tonne.

The Year Ahead

The current DBCT access undertaking expires at the end of 2009 and it is anticipated DBCT Management will submit a replacement undertaking for the Authority's consideration in late 2008.

The Authority will also continue to assess the costs of the expansion of DBCT and anticipates that it will have largely completed its assessment of contract costs by the end of the 2008-09 financial year.

DBCT Management has indicated that it will apply to increase regulated revenues and tariffs for the forecast costs of the phase 2/3 expansion. In addition, a further application in respect of the phase 1 expansion is expected, seeking to adjust for the impact of the actual expansion costs of phase 1 where only forecast costs have been taken to account to date.

Rail

In Brief

Queensland Rail (QR) must allow other train operators to use its intrastate rail infrastructure, in accordance with an access undertaking approved by the Authority on 29 June 2006.

The 2006 access undertaking sets out general terms and conditions for the negotiation of access agreements, and also contains reference tariffs for coal train services in central Queensland and on the western system.

The infrastructure is managed by QR's below-rail group, QR Network.

The Full Picture

QR's 2006 access undertaking came into effect on 30 June 2006 and expires on 30 June 2009. The access undertaking sets out the terms and conditions under which QR will provide access to the relevant parts of its rail (track) infrastructure. The undertaking identifies QR's obligations including its master planning, ring-fencing and decision-making processes and its reporting requirements. The undertaking also sets out the reference tariffs for coal train services in central Queensland and on the western system. QR may update aspects of the undertaking through a draft amending access undertaking process.

Undertaking amendments

The approved reference tariffs for central Queensland coal traffic were based on, amongst other things, maintenance cost forecasts that QR had proposed and the Authority had approved.

On realising that its actual maintenance costs were well above forecast, in May 2007 QR submitted an amendment to its undertaking to increase its regulated revenues and tariffs. QR's increased maintenance cost forecasts were based on a top-down assessment of QR's efficient maintenance costs - which involved adjusting an "efficient base" maintenance allowance to take account of a number of factors including increases in volumes and higher ballast undercutting costs.

After rejecting QR's initial proposal, the Authority subsequently accepted a revised proposal from QR which increased its forecast maintenance costs by around 25% (\$19 million) for the remaining

two years of the 2006 undertaking (December 2007).

As part of this process QR undertook to do a detailed bottom-up review of its maintenance costs for the next undertaking and to consult with stakeholders early on this matter.

Following the approval of revenue cap arrangements in June 2007 to replace the then hybrid price cap arrangements, QR sought an amendment to the undertaking to increase its system allowable revenues by the actual consumer price index (CPI) rather than forecast CPI as the arrangements provided for. The Authority rejected QR's proposal on the basis of regulatory certainty, in particular that there were insufficient grounds to justify reopening the approved undertaking (December 2007).

Revenue cap adjustment

QR's 2006 access undertaking provides for QR to seek the Authority's approval to adjust future tariffs to account for any under- or over-recovery of its approved revenue cap.

In November 2007, QR sought approval to recover a revenue shortfall in 2006-07 by increasing its 2008-09 revenue cap by \$25.6 million. The Authority approved the revenue cap adjustment in March 2008.

Master Planning

QR's 2006 access undertaking provided for the Authority to approve the scope of QR's future capital expenditure in the central Queensland coal region if the nature of the works is detailed in a master plan and at least 60% of affected customers do not oppose the scope of the works.

In September 2007, QR published an addendum to its 2006 master plan that outlined four major capacity expansion projects valued at around \$334 million. Following a customer vote, the Authority approved QR's application in December 2007.

Assessing QR's Capital Expenditure

QR's 2006 access undertaking provides for the Authority to annually assess the prudence of the previous year's capital expenditure based on an assessment of the scope, standard and cost of the works undertaken.

During 2007-08, the Authority approved QR's capital expenditure of \$134.6 million and

\$158.6 million for projects commissioned during 2005-06 and 2006-07 respectively.

Decision making audit

QR's 2006 access undertaking included, for the first time, a requirement for QR to conduct an annual audit into its compliance with its decision making procedures.

In March 2008, the Authority released QR's 2006-07 annual decision making audit report which found that QR complied in all material aspects with its decision making obligations.

Ring-fencing

QR's access undertaking also establishes a set of obligations governing QR's treatment and disclosure of an access seeker's/holder's confidential information as well as a complaint handling procedure. QR's compliance with these obligations and procedures is audited annually as part of these arrangements.

In December 2007, the Authority released QR's 2006-07 annual ring-fencing audit report, the first to be conducted in accordance with QR's 2006 access undertaking. The report indicated that QR had complied with its ring-fencing obligations in all material aspects.

The Year Ahead

2008 Draft amending undertaking

QR has indicated that it proposes to undertake a corporate restructure that will, amongst other things, result in the incorporation of a wholly owned subsidiary, QR Network Pty Ltd, responsible for owning and managing QR's rail network in Queensland.

Consistent with this, QR has advised that it intends to withdraw its 2006 access undertaking, and that QR Network Pty Ltd will submit a 2008 draft access undertaking (2008 DAU) in replacement. The 2008 DAU will seek to revise aspects of the 2006 access undertaking and standard access agreements to provide for QR's new corporate structure, including the transfer of ownership of QR Ltd's below-rail assets to QR Network Pty Ltd.

In order to facilitate a timely assessment of the 2008 DAU, the Authority sought stakeholder submissions on a preliminary version of the 2008 DAU and on a position paper released by the Authority in relation to it.

The Authority will finalise its consideration of QR's 2008 DAU once it is formally submitted.

2009 Access undertaking

QR's 2006 access undertaking will expire on 30 June 2009. It is anticipated that QR will submit a 2009 draft access undertaking (2009 DAU) for the Authority's approval during August 2008.

Once the 2009 DAU has been received, the Authority will consider QR's application and any submissions from interested parties with a view to having a replacement undertaking approved by 30 June 2009.

General

The Authority will continue to oversee access to QR's declared rail infrastructure, in accordance with the QCA Act and QR's access undertaking. It will also continue its administrative functions including arbitrating any disputes and assessing reference tariffs for new lines or new coal mines.

Electricity

In Brief

Retail

Full retail competition (FRC) in the Queensland electricity market commenced on 1 July 2007. Under FRC, consumers may choose which retailer supplies their electricity. Legislative changes that were made to introduce FRC included a number of significant new roles for the Authority. Key amongst these are the administration and enforcement of the Electricity Industry Code (the Code), which sets the framework for how the retail market is to function, the calculation of the Benchmark Retail Cost Index (used to determine the annual adjustment of regulated retail electricity prices) and the publication of revised regulated tariffs.

Distribution

The 2005 Final Determination on the Regulation of Electricity Distribution established regulatory arrangements applying to electricity distribution businesses from 1 July 2005 to 30 June 2010. Energex Ltd and Ergon Energy Corporation Ltd are the principal distributors of electricity in Queensland. Since customers cannot choose an alternate distributor in Queensland, prices for these services are regulated to ensure they are fair and reasonable. In addition, the quality of the services provided is monitored to assess whether customers are receiving an appropriate standard of service.

The Full Picture

Retail

With the introduction of FRC on 1 July 2007, licensed electricity retailers are able to offer electricity to all consumers, including those who are currently on notified prices.

The regulatory framework for FRC has been established through a combination of amendments to legislation, regulations and industry codes. Under the revised *Electricity Act 1994*, the Authority is responsible for the administration and enforcement of the Electricity Industry Code (the Code). The Code imposes a range of obligations on electricity entities across a number of activities, including customer connections and transfers, retail market

information and marketing conduct, customer retail services and network management. The Code also imposes a number of obligations on the Authority.

In preparing to discharge its obligations under FRC, and in order to ensure that energy entities discharge theirs, the Authority undertook work during 2007-08 in the following key areas.

Deciding Notified Prices for Non-market Customers

Under the *Electricity Act 1994*, the Authority is responsible for calculating a Benchmark Retail Cost Index (BRCI) to be used in adjusting notified (regulated) electricity prices each financial year. Changes in the BRCI indicate changes in the annual cost of providing electricity to consumers.

On 30 May 2008, following a consultative review, the Authority determined that the BRCI was expected to increase by 5.38% in 2008-09. Revised prices reflecting that increase were also gazetted at that time and came into effect on 1 July 2008.

Price Comparator

The Authority continued to maintain an online retail price comparator. Averaging 3926 hits a month, the Authority's online price comparator has assisted retail customers to compare the prices of electricity and gas contracts generally available from licensed energy retailers in Queensland. The price comparator is available on the Authority's website at www.qca.org.au.

Procedures for handling Customer Enquiries and Complaints

Throughout 2007-08, the Authority carried out its obligation to assess and approve retailers' procedures for handling small customers' enquiries, customer complaints and disputes. In September 2007, the Authority agreed to undertake a review of these procedures annually or when it appears they are not operating appropriately.

Minimalist Transitioning Approach for Ergon Energy

The Code provides for Ergon Energy to operate under a "minimalist transitioning approach" (MTA). In essence, this allows Ergon Energy extra time to process customer transfer information requests from retailers so that it can operate a manual system rather than having to invest in a more automated system when it is

unlikely that there will be high demand for these services in its network area.

The Code requires the Authority to annually review whether this arrangement should continue. As there appeared to be no benefit in removing the MTA provisions and there is industry support for the arrangements to remain in place, the Authority decided that no changes should be made to the MTA provisions of the Code for 2008-09.

Consumer Advisory Committee

The Authority established a Consumer Advisory Committee in April 2007 to advise on the performance of its functions under the *Electricity Act 1994* including, for example, the making or amendment of an industry Code or any other matter about the electricity or gas markets. The Committee is comprised of organisations that are well placed to represent the interests of consumers and has met on a quarterly basis throughout the year. Minutes from each meeting of the Committee are published on the Authority's website.

Distribution

Ergon Energy Cyclone Larry Cost Pass Through

In May 2007, the Authority received an application from Ergon Energy for the Authority to approve the pass through of costs associated with Severe Tropical Cyclone Larry. A supplementary application was submitted by Ergon Energy in November 2007 to address issues that had been raised by the Authority and its consultant. The Authority expects to release a Draft Decision on the application in early 2008-09.

Energex FRC Cost Pass-through Application

In February 2007, the Authority received an application from Energex to approve the pass through of costs associated with the introduction of full retail competition in Queensland. A supplementary application was submitted by Energex in September 2007 to address issues that had been raised by the Authority and its consultant. In April 2008, the Authority released its Draft Decision regarding the application and a Final Decision is expected to be released late in 2008.

Review of Excluded Distribution Services

In September 2007, the Authority released a Draft Decision which proposed to re-classify services

ancillary to the main network services as non-distribution use of system (non-DUOS) services. The services had previously been classified as prescribed distribution services (and therefore included in setting the Energex and Ergon Energy revenue caps).

The Authority made its Final Decision on its Review of Excluded Distribution Services in December 2007. Consistent with the National Electricity Rules (the Rules), excluded services will be subject to a more "light-handed" form of regulation, incorporating the application of pricing principles, an annual price approval process and annual reporting of revenue and prices to the Authority.

Ongoing Distribution Processes

The 2005 Final Determination provided for the continuation of distribution regulatory processes involving Energex and Ergon Energy that were established in the Authority's 2001 Final Determination. Accordingly, throughout 2007-08, the Authority was involved in:

- annual approval of prices and revised Pricing Principles Statements;
- assessment and publication of regulatory reporting information, including service quality and financial information; and
- connection dispute resolution.

The Year Ahead

As part of the change to national regulation of electricity distribution networks, the Australian Energy Regulator (AER) will undertake the next review of regulatory arrangements for Queensland electricity distributors, Energex and Ergon Energy.

However, the Authority will continue to administer the current arrangements until the end of the 2005 Final Determination in mid-2010.

Retail

The Authority will undertake a range of activities related to the retail electricity industry during 2008-09, including:

- determining the Benchmark Retail Cost Index to be applied to 2009-10 notified prices;
- reporting on the development of the retail electricity market in Queensland;
- monitoring (and if necessary enforcing) retailers' compliance with the Electricity Industry Code; and

- maintaining the retail electricity price comparator.

Distribution

The Authority's distribution-related activities during 2008-09 are expected to centre on:

- finalising the assessment of Energex's application to pass through costs associated with the introduction of FRC;
- assessing Ergon Energy's application to pass through costs associated with Tropical Cyclone Larry;
- ensuring that Energex and Ergon Energy comply with their obligations under the Electricity Industry Code, including Network Management Plan and Summer Preparedness Plan compliance reporting, and compliance with Minimum Service Standards and Guaranteed Service Levels;
- reviewing the Minimum Service Standards and Guaranteed Service Levels that are to apply during the next regulatory period; and
- continuing with ongoing regulatory processes such as approving distribution prices and monitoring the service quality and financial performance of Energex and Ergon Energy.

Gas

In Brief

During the year, the Authority continued its responsibility for monitoring distributors' and retailers' compliance with the Gas Industry Code of Queensland.

The Queensland Gas Industry Advisory Committee (QGIAC) was established in March 2008 as a consultative forum for industry stakeholders to advise the Gas Retail Market Operator (VENCorp) on proposed changes to the Gas Retail Market Rules (the Rules). The Authority is an observer of this Committee and is ultimately responsible for making any changes to the Rules.

Distribution

The Authority released its Final Decision on Envestra's FRC cost pass-through application on 23 May 2008 and is still finalising its Draft Decision for APT Allgas' FRC cost pass-through application.

On 1 July 2008, the *National Gas (Queensland) Act 2008* came into effect, establishing the new National Gas Law (NGL). As a result, responsibility for regulation of gas distribution networks in Queensland transferred from the Authority to the Australian Energy Regulator (AER).

The Full Picture

Retail

During the year, the Authority continued to monitor retailers' compliance with the Gas Industry Code of Queensland.

Customer Transfer Statistics

With gas FRC only commencing on 1 July 2007, the gas retail market is still at an early stage of development. VENCorp (the gas market operator in Queensland) recorded 9,062 completed customer transfers to market contracts following the commencement of FRC on 1 July 2008 to 30 June 2009.

Queensland Gas Industry Advisory Committee

On 18 March 2008, the Queensland Government established the Queensland Gas Industry

Advisory Committee (QGIAC), which is a consultative forum established by the Gas Retail Market Operator (VENCorp) consistent with the provisions of the *Gas Supply Act 2003*. The Authority has been invited to be an observer at Committee meetings. The first meeting of the Committee was held on 20 May 2008.

Following the forum, the Authority has been liaising with VENCorp on its proposed Gas Interface Protocol (GIP) Change Consultation Procedure for the purpose of managing changes to the GIP which will be considered by the QGIAC.

Distribution

Price Approvals

The Authority approved annual revisions to the distributors' prices, ensuring these revisions met the requirements of the access arrangements approved by the Authority in June 2006. On 22 May 2008, the Authority approved the 2008-09 prices for APT Allgas and Envestra to apply from 1 July 2008.

Cost Pass Through

On 23 May 2008, the Authority released its Final Decision on Envestra's cost pass-through application in respect of the costs of meeting its obligations under FRC. Approval has been given to pass through costs consisting of \$4.7 million of capital expenditure and \$5.8 million of operating expenditure incurred by Envestra. In terms of revenue, the Authority's decision provides for Envestra to raise an additional \$2.8 million per annum in revenue over the final two years of the current regulatory period. As this amount is consistent with the provisional amount which the Authority had previously allowed to be factored into prices, there should be no further impact on Envestra's prices because of this decision.

APT Allgas also lodged an application to pass through costs of meeting its obligations under FRC. Due to information deficiencies in the application, the Authority's decision has been delayed. APT Allgas has been provisionally allowed to factor into its prices an increase of \$2.8 million per annum in revenue (as has been approved for Envestra) in anticipation of some level of pass through being approved.

Ring-fencing

The Ring-fencing Guidelines issued by the Authority in 2003 are designed to assist

distributors with the preparation of their ring-fencing compliance reports in a manner which meets their reporting obligations under the National Third Party Access Code.

Ring-fencing compliance reports submitted to the Authority in respect of 2006-07 indicate that there were no breaches of the ring-fencing requirements during this regulatory period and that Envestra had met its ring-fencing obligations. APT Allgas was deemed to have met its obligations for the period it was the owner of the network (nine months of the year).

General Accounting Guidelines

The General Accounting Guidelines issued by the Authority in 2004 require a service provider to submit a cost allocation manual to the Authority for approval and to provide a set of regulatory accounts prepared in accordance with the guidelines.

For 2006-07 regulatory accounting purposes, the Authority approved APT Allgas' and Envestra's cost allocation manuals and regulatory accounts as fulfilling their obligations.

Service Quality

In June 2003, the Authority established a set of annual service quality reporting requirements for the gas distributors.

The distributor's annual service quality reports, covering the period 2006-07, were submitted to the Authority in September 2007. These reports were reviewed by the Authority and subsequently published in November 2007 with an accompanying overview.

The Year Ahead

Retail

On 30 April 2008, the Minister for Mines and Energy has directed the Authority to review small customer gas pricing and competition in the Queensland retail gas market. The purpose of the review is to examine current market issues in the interests of gas customers, incumbent retail market participants and new entrants. A Final Report is required by 1 December 2008.

Distribution

National Gas Law

On 9 May 2008, the Queensland Government passed the *National Gas (Queensland) Act 2008* transferring all of the Authority's regulatory responsibility for gas distributors in Queensland under the National Third Party Access Code to the Australian Energy Regulator (AER). The transfer occurred on 1 July 2008. Under the transitional arrangements for the introduction of the new National Gas Law, the Authority is still required to complete any assessments that have already commenced at the time of transfer. Consequently, the Authority will be responsible for finalising APT Allgas' cost pass-through application in respect of the costs of meeting its obligations under FRC.

Competitive Neutrality

In Brief

There should be a level playing field when government departments and agencies seek to compete with the private sector. Government departments or agencies should not get an unfair advantage or suffer an unfair disadvantage solely as a result of their government ownership or control.

The Full Picture

Although the Authority continued to receive enquiries about competitive neutrality matters during the 12 months ended 30 June 2008, breaches of the principle of competitive neutrality are difficult to sustain under the amendments, introduced in May 1999 to the definition of the principle of competitive neutrality in the QCA Act.

No complaints received were within the bounds of the Authority's legislated responsibilities and there were no formal investigations undertaken.

The Year Ahead

The Authority has no influence on the number or timing of the complaints it receives. However, given the difficulty in sustaining breaches under the current QCA Act, it is unlikely that there will be any successful complaints made.

Local Government

In Brief

The Authority has been appointed as the independent review body for local government infrastructure charges schedules. The role of the Authority is to establish the appropriateness of the costs.

During 2007-08, the Authority reviewed Gold Coast City Council's infrastructure schedules for water and wastewater.

The Full Picture

Infrastructure Charges

As part of its Housing Affordability Strategy, the Queensland Government amended the *Integrated Planning Act 1997* (IPA) to facilitate reviews of local government infrastructure charges schedules. Under these amendments, the Minister for Infrastructure and Planning may seek advice from the Authority about a local government's infrastructure charges schedules (ICS). Under the agreed arrangements entered into with the Department of Infrastructure and Planning, the Authority is to determine the 'appropriateness' of the establishment costs of trunk infrastructure which comprises:

- the cost of preparing the ICS;
- ongoing administration costs for the ICS;
- the cost of future trunk infrastructure;
- the cost of existing trunk infrastructure; and
- the apportionment of costs to catchments (including premises).

Trunk infrastructure is identified by a local government in its priority infrastructure plan (PIP) and comprises networks for urban and residential water cycle management (water supply, sewerage and stormwater), transport (roads, public transport corridors and public parking facilities) and public parks and land for community facilities. Under the agreed arrangements, the Department of Infrastructure and Planning is responsible for reviewing the PIP including assessing the 'appropriateness' of the proposed trunk infrastructure identified by individual local government councils in their PIP/ICS. The Authority is responsible for then reviewing the 'appropriateness' of the costs of the

trunk infrastructure and the apportionment of these costs to developers.

In May 2008, the Minister formally requested the Authority to review all ICSs referred by the Department of Infrastructure and Planning.

The Department referred Gold Coast City Council's ICSs for water and wastewater to the Authority and a draft report was forwarded to the Department in June 2008.

Incidental to its role in reviewing local government ICSs, the Authority has liaised closely with and supported the Department of Infrastructure and Planning in developing and refining related guidelines to assist local governments including the Standard Infrastructure Charges Schedule.

The Year Ahead

Infrastructure Charges

Referral of local government ICSs to the Authority is dependent on progress by councils. The Queensland Government has undertaken to have reviewed by 30 June 2009 all PIPs and ICSs that align with the Standard Infrastructure Charges Schedule and infrastructure guidelines and are submitted by 30 September 2008.

The Authority will continue to liaise with and support the Department of Infrastructure and Planning in the development of relevant guidelines and the development and delivery of related workshops and training to local governments.

Water

In Brief

During 2007-08, the Authority completed the first stage and commenced the second stage of an investigation of the pricing practices associated with the Gladstone Area Water Board's proposed contingent supply strategy.

The Authority also finalised a determination in regard to a water supply dispute pursuant to Part 5A of the QCA Act over the supply of water for irrigation purposes by SEQWater.

The Full Picture

Gladstone Area Water Board

The Gladstone Area Water Board (GAWB) provides treated and raw water to the Gladstone Regional Council and to large industrial customers and power stations in the Gladstone area.

In response to changing hydrological circumstances and potential increases in demand, GAWB has developed a contingent water supply strategy based upon access to supplies of water from the Fitzroy River. In February 2007, the Government directed the Authority to investigate the pricing practices associated with GAWB's proposed contingent supply strategy.

The investigation is in three stages. The first stage, Part (a), required the Authority to review GAWB's recovery of proposed preparatory expenditure from existing and future customers, having regard to the prudence of the Fitzroy pipeline option, the level of efficient preparatory costs, the timing of expenditures and the means by which preparatory costs would be incorporated in prices.

The Authority provided Ministers with its Final Report for Part (a) in December 2007. The Ministers' acceptance of the Authority's conclusions was gazetted on 14 March 2008.

The Authority also commenced its investigation of GAWB's proposals for Part (b) of the investigation, which requires the Authority to investigate GAWB's proposed criteria for triggering construction of the appropriate

augmentation in the event of drought or unexpected additional demand.

Dispute Resolution

During 2007-08, the Authority finalised a determination resolving a water supply dispute between the South East Queensland Water Corporation Limited (SEQWater) and a land owner over the supply of water for irrigation purposes.

The Year Ahead

GAWB

The Authority expects to complete the second stage of the GAWB investigation in the first half of 2008-09, and it is envisaged that GAWB's submissions in regard to the third stage will be received soon after. The third stage of the investigation requires the Authority to review GAWB's proposed changes to pricing practices required to enable GAWB to recover its efficient costs of the system as appropriately augmented.

Monitoring of South East Queensland (SEQ) Water Retailers

It is anticipated that the Authority will be directed under section 23A of the QCA Act to monitor the retail water pricing practices of SEQ councils. In particular, the Authority is to report whether increases in retail water prices attributed by Local Government to bulk water grid costs go beyond those required to actually recover the Bulk Water Grid costs advised by the Government.

Corporate Matters

Corporate Governance

The Authority places great emphasis on corporate governance. Management, under the guidance of Authority members, has implemented an administrative framework which ensures that the Authority is managed in an effective and efficient manner.

A range of policies and procedures have been developed to ensure that assets are safeguarded and that proper financial and accounting records are maintained. These policies are regularly reviewed as part of a rolling system of appraisal.

After its staff, information and knowledge are the Authority's most valuable assets. Accordingly, emphasis has been placed on the management and protection of this information, as well as the maintenance of confidentiality where appropriate.

Particular attention is paid to possible conflicts of interest with, amongst other things, members and staff absenting themselves from all deliberations where conflicts of interest, real or perceived, may arise.

The Authority's Code of Conduct is based on the core public sector values of respect for the law and system of government, respect for persons, integrity, diligence, economy and efficiency. Staff are aware of their requirements to behave in accordance with the highest ethical standards, as outlined in the Code of Conduct.

Financial Position

Detailed financial statements are included in a later section of this report. The Authority's total expenditure amounted to \$7.5 million compared with \$5.7 million in the previous year. The major items of expenditure were salaries (\$4.3 million) and specialist services (\$1.3 million).

The expenditure incurred by the Authority in undertaking its duties and responsibilities was within budget or was incurred in delivering new tasks for which additional revenue was received.

Expenditure, including performance against budget, is reported monthly to Authority members. The Authority is a cost effective regulator.

Fees

The Authority charges fees for certain of its services. During 2007-08, these fees amounted to some 47.8% of total income.

Fees are charged for the preparation, approval or amendment of an access undertaking, the investigation or monitoring of the pricing practices of a government monopoly business activity and the regulation of the electricity and gas distribution entities under their respective national codes.

These fees are set annually, on a financial year basis, while ever the Authority has an ongoing regulatory role, and are payable quarterly in arrears. The fee is comprised of a fixed component and a variable component based on regulated income.

- The fixed component is based on total revenue bands as follows:

| | |
|-----------------|-----------|
| Less than \$50m | \$100,000 |
| \$50m - \$250m | \$200,000 |
| \$250m - \$500m | \$300,000 |
| \$500m - \$750m | \$400,000 |
| Over \$750m | \$500,000 |
- The variable component is a set percentage of the regulated income from the prior financial year.

Fees charged for regulatory services can be passed directly through to end-users as the beneficiaries of regulation.

Fees are also chargeable for the provision of arbitration or mediation services in respect to access disputes, including access determinations, and water supply disputes, including water supply determinations. These fees can be shared between the parties as determined by the Authority and will not necessarily be passed through to end-users.

For significant projects provided under Ministerial direction, fees may be charged on an expected cost recovery basis. In 2007-08 the Authority agreed to provide services to the Department of Infrastructure and Planning over a four year period starting in 2007-08.

Staffing Levels

The number of staff employed by the Authority as at 30 June 2008 was 43. The staffing levels of the Authority are based on the Authority's annual operational plan and major projects undertaken during the financial year. In addition to staff, the Authority engages consultants or contract staff for specialist advice and, if necessary, to meet peak activity demands.

The Authority supports a healthy work/life balance and to that end encourages staff to take recreation leave on a regular basis.

Equal Employment Opportunities

The Authority supports the principles underlying equal employment opportunities and actively ensures that these principles, the principles of anti-discrimination and the avoidance of sexual harassment and bullying are adhered to in the Authority's work environment.

To the extent practicable, the Authority supports part-time work, flexible working hours and the ability to work from home.

Environmental Statement

The Authority maintains an environmentally friendly workplace. Office waste is recycled wherever possible and recycled toners are used where compatible with office equipment. Energy consumption has been minimised by the use of a number of lighting zones within the office, the use of out-of-hours safety lighting and reversible switching. Water saving devices have been retro-fitted to all Authority kitchens and shower areas.

Air-conditioning for the Authority's offices in Comalco Place is operated and maintained by building management and therefore falls outside the Authority's control. However, the Authority's offices are zoned in an attempt to minimise out-of-hours consumption. Building management have also confirmed for the Authority's offices that the level of risk due to Asbestos was low

Freedom of Information

The Authority is subject to the provisions of Freedom of Information (FOI) legislation. No FOI requests were received during the 2007-08 financial year.

Staff Statistics as at 30 June 2008

| | Total Staff | Male | Female | NESB ^(a) | A&TSI ^(b) |
|-----------------|-------------|-----------|-----------|---------------------|----------------------|
| Chief Executive | 1 | 1 | 0 | 0 | 0 |
| Directors | 4 | 3 | 1 | 1 | 0 |
| Technical Staff | 31 | 21 | 10 | 3 | 0 |
| Support Staff | 7 | 3 | 4 | 1 | 0 |
| Total | 43 | 28 | 15 | 5 | 0 |
| Full-time Staff | 41 | 28 | 13 | 5 | 0 |
| Part-time Staff | 1 | 0 | 1 | 0 | 0 |
| Casual | 1 | 0 | 1 | 0 | 0 |
| Age 15-24 | 2 | 2 | 0 | 1 | 0 |
| 25-34 | 14 | 4 | 10 | 3 | 0 |
| 35-44 | 15 | 12 | 3 | 0 | 0 |
| 45 + | 12 | 10 | 2 | 1 | 0 |
| | 43 | 28 | 15 | 5 | 0 |

(a) Non English Speaking Background (voluntary disclosure)

(b) Aboriginal and Torres Strait Islander (voluntary disclosure)

Publications

During 2007-08, the Authority released the following publications. Printed copies of the publicly available publications can be obtained from the Authority's office or in PDF format from the Authority's website at www.qca.org.au.

Publicly Available Publications

| <i>Release Date</i> | <i>Title</i> |
|---------------------|--|
| July 2007 | Report: QR Revised Costing Manual |
| July 2007 | Approval letter QR Revised Costing Manual |
| August 2007 | Final Decision: Amendment to Electricity Distribution: Determination of Prescribed Services |
| August 2007 | Minutes Consumer Advisory Committee Meeting 29 August 2007 |
| September 2007 | Draft Decision: QR's 2005-06 Capital Expenditure in the central Queensland coal region |
| September 2007 | Draft Decision: QR's Draft Amending Access Undertaking – Coal System Maintenance Costs |
| September 2007 | Draft Decision: Electricity Distribution – Review of Excluded Distribution Services |
| September 2007 | Interim Consultation Notice: Benchmark Retail Cost Index for Electricity: 2008-09 |
| September 2007 | Summary: Electricity Distribution – Service Quality Performance for the June Quarter 2007 |
| October 2007 | Annual Report 2006-07 |
| October 2007 | Draft Report: Gladstone Area Water Board: 2007 Investigation of Contingent Water Supply Strategy Pricing Practices – Stage A |
| October 2007 | Decision: DBCT Management Draft Amending Access Undertaking – Dalrymple Bay Coal Terminal Phase 1 Expansion – Forecast Costs |
| November 2007 | Report: Gas Distribution – Service Quality Performance for the Year Ending 30 June 2007 |
| November 2007 | Draft Decision: QR's Voluntary Draft Amending Access Undertaking – CPI Adjustment Application |
| November 2007 | Final Decision: QR's Draft Amending Access Undertaking – Coal System Maintenance Costs |
| November 2007 | Draft Decision: Envestra's FRC Cost Pass-through Application |
| November 2007 | Minutes Consumer Advisory Committee Meeting 28 November 2007 |
| December 2007 | Final Decision: Electricity Distribution – Review of Excluded Distribution Services |
| December 2007 | Report: Electricity: Market and Non-market Customers – as at 30 September 2007 |
| December 2007 | Final Decision: QR's 2005-06 Revised Capital Expenditure Application |
| December 2007 | Final Decision: QR Regulatory Pre-approval for Addendum 2006 Capacity Expansion Projects |
| December 2007 | QR's Voluntary Draft Amending Access Undertaking – CPI Adjustment Application |
| December 2007 | Final Decision: QR's Voluntary Draft Amending Access Undertaking – Revised Maintenance Costs |
| December 2007 | Final Report: Gladstone Area Water Board: 2007 Investigation of Contingent Water Supply Strategy Pricing Practices – Stage A |
| December 2007 | Report: Electricity Distribution – Service Quality Performance for the September Quarter 2007 |

| | |
|---------------|---|
| February 2008 | Draft Decision: BRCI for Electricity 2008-09 |
| February 2008 | Guidelines for the Regulation of Excluded Distribution Services |
| February 2008 | Minutes Consumer Advisory Committee Meeting 27 February 2008 |
| March 2008 | Final Decision: QR 2006-07 Revenue Cap Adjustment |
| March 2008 | Report: Electricity: Market and Non-market Customers as at 31 December 2007 |
| March 2008 | Report: Financial and Service Quality Performance 2006-07 – Energex |
| March 2008 | Report: Financial and Service Quality Performance 2006-07 – Ergon Energy |
| April 2008 | Summary: Electricity Distribution – Service Quality Performance for the December Quarter 2007 |
| April 2008 | Draft Decision: Energex's FRC Cost Pass-through Application |
| May 2008 | Final Decision: BRCI for Electricity 2008-09 |
| May 2008 | Issues Paper: Review of Small Customer Gas Pricing and Competition in Queensland |
| May 2008 | Position Paper: QR Network's 2008 Draft Access Undertaking |
| May 2008 | Minutes Consumer Advisory Committee Meeting 28 May 2008 |
| May 2008 | Final Decision: Envestra's FRC Cost Pass-through Application |
| June 2008 | DBCT Access Undertaking – Approval of Service Quality Key Performance Indicators |
| June 2008 | Report: Electricity: Market and Non-market Customers as at 31 March 2008 |
| June 2008 | Summary: Electricity Distribution – Service Quality Performance for the March Quarter 2008 |

Reports to Government (not publicly available)

| <i>Release Date</i> | <i>Title</i> |
|---------------------|--|
| September 2007 | Draft Proposal: Review of Infrastructure Charges |
| October 2007 | Final Proposal: Review of Infrastructure Charges |
| December 2007 | Report to the Minister for Mines and Energy: Performance of the Authority's Functions under the Electricity Act 1994 and the Gas Supply Act 2003 |
| June 2008 | Report to the Minister for Mines and Energy: Performance of the Authority's Functions under the Electricity Act 1994 and the Gas Supply Act 2003 |
| June 2008 | Draft Report: Assessment of Gold Coast City Council's Infrastructure Charges Schedules for Water and Wastewater |

Private Reports (not publicly available)

| <i>Release Date</i> | <i>Title</i> |
|---------------------|---|
| August 2007 | Draft Water Supply Determination: Arbitration of Water Supply Dispute between Mr Steven Sinclair and SEQWater |
| October 2007 | Final Water Supply Determination: Arbitration of Water Supply Dispute between Mr Steven Sinclair and SEQWater |

Financial Statements

INCOME STATEMENT

for the year ended 30 June 2008

| | Notes | 2008 \$ | 2007 \$ |
|------------------------------------|-------|------------------|------------------|
| Income | | | |
| Revenue | | | |
| Government Grant | | 4,000,000 | 4,000,000 |
| Fees | | 4,163,000 | 3,128,624 |
| Other Revenue | 3 | 989,403 | 371,960 |
| Total Income | | 9,152,403 | 7,500,584 |
| Expenses | | | |
| Members Expenses | 4 | 211,326 | 181,489 |
| Employee Expenses | 5 | 4,831,614 | 3,709,601 |
| Operating Expenses | 6 | 2,433,996 | 1,859,828 |
| Total Expenses | | 7,476,936 | 5,750,918 |
| Operating Surplus/(Deficit) | | 1,675,467 | 1,749,666 |

The accompanying notes form part of these financial statements



| | Notes | 2008 \$ | 2007 \$ |
|--------------------------------------|-------|------------------|------------------|
| Current Assets | | | |
| Cash Assets | 7 | 7,892,231 | 6,291,056 |
| Receivables | 8 | 250,055 | 332,066 |
| Other | 9 | 145,610 | 82,048 |
| Total Current Assets | | 8,287,986 | 6,705,170 |
| Non Current Assets | | | |
| Plant and Equipment | 10 | 518,213 | 191,791 |
| Total Non Current Assets | | 518,213 | 191,791 |
| Total Assets | | 8,806,199 | 6,896,961 |
| Current Liabilities | | | |
| Payables | 11 | 506,269 | 379,650 |
| Accrued Employee Benefits | 12 | 423,881 | 393,953 |
| Other Financial Liabilities | 13 | - | 18,904 |
| Total Current Liabilities | | 930,150 | 792,507 |
| Non Current Liabilities | | | |
| Accrued Employee Benefits | 12 | 320,491 | 224,363 |
| Total Non Current Liabilities | | 320,491 | 224,363 |
| Total Liabilities | | 1250,641 | 1,016,870 |
| Net Assets | | 7,555,558 | 5,880,091 |
| Equity | | | |
| Contributed Equity | | 1,559,000 | 1,559,000 |
| Retained Surpluses | | 5,996,558 | 4,321,091 |
| Total Equity | | 7,555,558 | 5,880,091 |

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2008

| | Retained Surpluses | | Contributed Equity | |
|-----------------------------|--------------------|------------------|--------------------|------------------|
| | 2008 | 2007 | 2008 | 2007 |
| | \$ | \$ | \$ | \$ |
| Balance 1 July | 4,321,091 | 2,571,425 | 1,559,000 | 1,559,000 |
| Operating Surplus/(Deficit) | 1,675,467 | 1,749,666 | | |
| Balance 30 June | 5,996,558 | 4,321,091 | 1,559,000 | 1,559,000 |



CASH FLOW STATEMENT

for the year ended 30 June 2008

| | Notes | 2008 \$ | 2007 \$ |
|--|-------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| <i>Inflows:</i> | | | |
| Government Grant | | 4,000,000 | 4,000,000 |
| Fees | | 4,228,448 | 3,082,975 |
| Interest | | 481,846 | 351,265 |
| Other | | 500,000 | 20,231 |
| GST collected on services provided | | 466,300 | 307,107 |
| GST input tax credits from ATO | | 286,801 | 192,036 |
| | | 9,963,395 | 7,953,614 |
| <i>Outflows:</i> | | | |
| Members Expenses | | (211,326) | (181,489) |
| Employee Expenses | | (4,687,240) | (3,753,201) |
| Operating Expenses | | (2,220,197) | (1,559,569) |
| GST paid to Suppliers | | (337,720) | (183,744) |
| GST remitted to ATO | | (466,300) | (307,164) |
| | | (7,922,783) | (5,985,167) |
| Net cash provided by / (used in) operating activities | 14 | 2,040,612 | 1,968,447 |
| Cash flows from investing activities | | | |
| <i>Inflows:</i> | | | |
| Proceeds from disposal of plant and equipment | | - | - |
| <i>Outflows:</i> | | | |
| Plant and Equipment | | (420,443) | 126 |
| Net cash provided by / (used in) investing activities | | (420,443) | 126 |
| Cash flows from financing activities | | | |
| <i>Outflows:</i> | | | |
| Lease Incentive | | (18,904) | (30,000) |
| Net cash provided by / (used in) financing activities | | (18,904) | (30,000) |
| Net increase/(decrease) in cash held | | 1,601,265 | 1,938,573 |
| Cash at beginning of reporting period | | 6,291,056 | 4,352,483 |
| Cash at end of financial year | 7 | 7,892,321 | 6,291,056 |

The accompanying notes form part of these financial statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

Note 1:

Objective

The Queensland Competition Authority (the Authority) is a statutory body established under the *Queensland Competition Authority Act 1997*. Its aim is to perform specified services associated with national competition policy in Queensland. Broadly, the Authority is responsible for:

- subject to reference or declaration by the Ministers (the Premier and the Treasurer), undertaking prices oversight of monopoly or near monopoly Government business activities;
- receiving and investigating competitive neutrality complaints against significant government and local government business activities;
- accrediting significant government and local government business activities as complying with the principle of competitive neutrality;
- overseeing and arbitrating third party access to infrastructure; and
- undertaking such other activities relating to national competition policy as the Ministers may direct.

Note 2:

Summary of Significant Accounting Policies

a) Basis of Preparation

The financial statements have been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AEIFRS).

This financial report is a general purpose financial report.

In particular, the financial statements materially comply with AAS29 *Financial Reporting by Government Departments*, as well as the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2008, and other authoritative pronouncements.

Except where stated, the historical cost convention is used.

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next 12 months, being the Authority's operational cycle.

Comparative information is restated where necessary to be consistent with disclosures in the current reporting period.

Amounts included in financial statements are in Australian dollars and are rounded to the nearest dollar.

b) Revenue and Expenses

The Government grant is recognised when received or when an entitlement is established, while other revenue is recognised when earned. Expenses are recognised when incurred.

Salary and related staff costs include salaries, benefits, recruitment costs, staff training and other staff costs, and are inclusive of oncosts.

c) Leasing

Operating leases are those where the risk of ownership is retained by the lessor.

The Authority leases motor vehicles which are part of employees' remuneration packages and therefore lease expenses for those vehicles are included with Employee Expenses. Employees' bear all costs and responsibilities in relation to those leased motor vehicles.

Finance leases are those where the risks and benefits of ownership are transferred to the lessee. The Authority does not have any finance leases.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

d) Plant and Equipment

The Queensland State Government's policy, titled *Non-Current Asset Policies for the Queensland Public Sector*, establishes prescribed asset measurement methods and recognition thresholds. In accordance with these policies, the assets of the Authority are measured at depreciated cost. On acquisition, assets are valued at cost including all expenses necessary to have the asset ready for use.

Items of plant and equipment with a cost or other value equal to or in excess of \$5,000 are recognised for financial reporting purposes in the year of acquisition. Items with a lesser value are expensed in the year of acquisition.

Depreciation of plant and equipment is calculated on a straight line basis. Fixtures and fittings are depreciated over the lesser of the unexpired period of the Authority's building lease and the estimated useful life, while other plant and equipment is depreciated over the estimated useful life.

In general, the following depreciation rates have been used:

| | |
|-------------------------|------------|
| Office Equipment: | 20% to 33% |
| Computer Equipment: | 33% |
| Fixtures and Fittings: | 10% to 33% |
| Leasehold Improvements: | 10% to 33% |

e) Intangibles

Intangible assets with a cost or other value greater than \$100,000 are recognised in the financial statements, items with a lesser value being expensed.

f) Employee Benefits:

Unpaid benefits expected to be paid within 12 months are recognised at their undiscounted values. Benefits not expected to be paid within 12 months are recognised at their present value, calculated using yields on fixed rate Commonwealth Government bonds of similar maturity.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

The Authority joined the State Government's Long Service Leave Central Scheme (the Scheme) from 1 July 2002. Under the Scheme, a levy is made on the Authority to cover this expense. Amounts paid to employees for long service leave are claimed from the Scheme as and when leave is taken.

No provision for long service leave is recognised in the Financial Statements from 1 July 2002, the liability is reported on a whole-of-Government basis pursuant to AAS31 - Financial Reporting by Governments.

g) Taxation:

The activities of the Authority are exempt from Commonwealth taxation except for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). Input tax credits receivable and GST payable from/to the Australian Taxation Office have been recognised.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

h) Superannuation:

Employees of the Authority may elect to be members of QSuper or any other complying superannuation fund.

Contributions to superannuation meet the minimum requirements of the *Superannuation Guarantee (Administration) Act 1992*. Contributions to employees' superannuation plans are charged as an expense as the contributions are paid or become payable.

There is no liability recognised for accruing superannuation benefits in the financial statements. The liabilities are held by the superannuation funds.

i) Receivables:

Trade Debtors are recognised at the nominal amounts due, with settlement generally being required within 30 days from invoice.

The collectability of receivables is assessed periodically with provision being made for impairment. No provision for impairment has been necessary.

j) Payables:

Amounts payable in the future for goods and services received are recognised, whether or not billed to the Authority. Creditors are generally unsecured, not subject to interest charges and are normally settled within agreed business terms.

Note 3:

Other Revenue

| | 2008 | 2007 |
|---|----------------|----------------|
| | \$ | \$ |
| Interest | 489,403 | 351,729 |
| Contribution from Department of Infrastructure and Planning towards establishment costs of Infrastructure Charges Schedules Reviews | 500,000 | - |
| Other Income | - | 20,146 |
| Gains on sale of Plant and Equipment | - | 85 |
| Total | 989,403 | 371,960 |

Note 4:

Members Expenses

| | 2008 | 2007 |
|---|---------|---------|
| | \$ | \$ |
| Members Cost including Members' remuneration, travel and training | 211,326 | 181,489 |

Members Fees

Members' fees are determined by the Governor in Council.

Number of Members whose remuneration falls within the following bands:

| | 2008 | 2007 |
|---------------------|------|------|
| \$30,000 - \$39,999 | 4 | 3 |
| \$70,000 - \$79,999 | 1 | 1 |

(Based on total costs including superannuation and any benefits received)



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

Note 5:

Employee Expenses

| | | |
|--|-----------|-----------|
| Salaries | 3,929,089 | 3,121,602 |
| Employer Superannuation Contributions | 276,280 | 253,816 |
| Long Service Leave Central Scheme Levy | 62,395 | 52,157 |

Employee Related Expenses

| | | |
|-------------------------|---------|---------|
| Payroll tax | 182,212 | 156,296 |
| Staff Training Costs | 102,972 | 61,693 |
| Staff Recruitment Costs | 261,297 | 49,680 |
| Other Staff Expenses | 12,268 | 8,761 |
| Workers Compensation | 5,101 | 5,596 |

Total

4,831,614 **3,709,601**

Note 6:

Operating Expenses

| | | |
|---|-----------|---------|
| Specialist Services | 1,276,610 | 972,446 |
| Occupancy Costs (including operating lease rentals) | 624,536 | 382,205 |
| Depreciation and Amortisation | 94,021 | 124,063 |
| Information Technology Costs | 165,501 | 162,891 |
| Travel and Accommodation Costs | 20,095 | 34,703 |
| Auditors Remuneration | 14,800 | 12,200 |
| General Administration Costs | 118,462 | 59,473 |
| Other Expenses | 119,971 | 111,847 |

Total

2,433,996 **1,859,828**

Note 7:

Cash Assets

Cash assets include cash at bank, cash on hand and cash with Queensland Treasury Corporation (QTC). All cash amounts are at call and can be redeemed at short notice at their face value. The organisation does not have any borrowing or overdraft facilities.

Balance

| | | |
|---------------|------------------|------------------|
| Cash at Bank | 2,066,107 | 215,217 |
| Cash on Hand | 500 | 300 |
| Cash with QTC | 5,825,714 | 6,075,539 |
| Total | 7,892,321 | 6,291,056 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

| Note 8: | 2008 | 2007 |
|---------------------------|----------------|----------------|
| | \$ | \$ |
| Receivables | | |
| <i>Current</i> | | |
| Trade Debtors | 181,775 | 171,600 |
| Other | 17,361 | 144,595 |
| | 199,136 | 316,195 |
| Net GST receivable | | |
| GST Receivable | 50,919 | 15,901 |
| GST Payable | - | (30) |
| | 50,919 | 15,871 |
| Total Receivables | 250,055 | 332,066 |

| Note 9: | 2008 | 2007 |
|----------------|----------------|---------------|
| | \$ | \$ |
| Other | | |
| <i>Current</i> | | |
| Prepayments | 145,610 | 82,048 |
| Total | 145,610 | 82,048 |

| Note 10: | 2008 | 2007 |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| Plant and Equipment | | |
| At Cost | 1,485,595 | 1,183,498 |
| Less: Accumulated Depreciation | (967,382) | (991,707) |
| Total Plant and Equipment | 518,213 | 191,791 |

Statement of Movement

| | Opening WDV 01/07/2007 \$ | Additions \$ | Disposals at WDV \$ | Depreciation \$ | Closing WDV 30/6/2008 \$ |
|---------------------|------------------------------------|-----------------|---------------------------|--------------------|--------------------------------|
| Plant and Equipment | 191,791 | 420,443* | - | (94,021) | 518,213 |
| Total | 191,791 | 420,443 | - | (94,021) | 518,213 |

* 2007/08 additions include leasehold improvements works in progress of \$408,905 at 30 June 2008

| Note 11: | 2008 | 2007 |
|--------------------|----------------|----------------|
| | \$ | \$ |
| Payables | | |
| Accrued Expenses | 382,263 | 225,792 |
| Creditors | 119,005 | 141,658 |
| Audit Fees Payable | 5,000 | 12,200 |
| Total | 506,269 | 379,650 |

| Note 12: | 2008 | 2007 |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| Accrued Employee Benefits | | |
| <i>Current</i> | | |
| Employee Benefits | 348,218 | 264,888 |
| Salaries Payable | 75,663 | 129,065 |
| | 423,881 | 393,953 |
| Non-Current | | |
| Employee Benefits | 320,491 | 224,363 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

Note 13:

Other Financial Liabilities

Current

Lease Incentive Liability

| | 2008 | 2007 |
|--|------|---------------|
| | \$ | \$ |
| | - | 18,904 |
| | - | 18,904 |

Lease incentive provided by landlord being amortised over the term of the lease.

Note 14:

Notes to the Cash Flow Statement

Reconciliation of operating surplus to Net Cash provided by / (used in) operating activities

Operating surplus/(deficit)

Depreciation expense

Loss on disposal of plant and equipment

Gain on sale of plant and equipment

Changes in Assets and Liabilities

Decrease/(increase) in receivables

Decrease/(increase) in prepayments/other

Increase/(decrease) in accrued employee benefits

Increase/(decrease) in payables and accruals

Net cash provided by / (used in) operating activities

| | 2008 | 2007 |
|--|------------------|------------------|
| | \$ | \$ |
| | 1,675,467 | 1,749,666 |
| | 94,021 | 124,063 |
| | - | - |
| | - | - |
| | 117,059 | (111,132) |
| | (63,562) | 1,988 |
| | 126,056 | 47,292 |
| | 91,571 | 156,570 |
| | 1,603,612 | 1,968,447 |

Note 15:

Operating Lease Commitments

The offices occupied by the Authority are subject to an operating lease which expires on 15 February 2008.

Future operating lease rentals not provided for in the financial statements are payable as follows:

Not later than one year (inclusive of GST)

Later than one year but not later than five years (inclusive of GST)

Total commitments

| | 2008 | 2007 |
|--|------------------|----------------|
| | \$ | \$ |
| | 1,032,330 | 264,674 |
| | 4,104,593 | - |
| | 5,136,923 | 264,674 |

Note 16:

Contingencies

The Authority has no known material Contingent Assets or Contingent Liabilities not disclosed elsewhere in the Notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

Note 17:

Financial Instruments

(a) Interest Rate Risk

Financial Assets

Cash Assets:- Effective Interest Rates

Cash at Bank

6.65%

5.53%

Cash with QTC

8.18%

6.64%

All cash amounts are deposited at call on a floating rate basis.

Based on average balance of funds held with QTC over 2007-08 the Authority's surplus would have been impacted by \$55,821 for a 1% change in interest rates (\$49,936 in 2006/07).

Receivables: Comprised of debtors invoices in the ordinary course of business and refunds due. These are non-interest bearing.

Financial Liabilities

Payables: Comprised of invoices in the ordinary course of business and accrued expenses. These are non-interest bearing.

(b) Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the statement of financial position.

(c) Net Fair Value

For other assets and liabilities the net fair value approximates the carrying value.

CERTIFICATE OF QUEENSLAND COMPETITION AUTHORITY

This general purpose financial statement has been prepared pursuant to s.46F(1) of the *Financial Administration and Audit Act 1977* (the Act), and other prescribed requirements. In accordance with s.46F(3) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Queensland Competition Authority for the financial year ended 30 June 2008 and of the financial position of the Authority at the end of that year.

.....
Chairperson
Brian Parmenter

26 September 2008

.....
Chief Executive
EJ Hall

26 September 2008



INDEPENDENT AUDIT REPORT

To the Members of the Queensland Competition Authority

Matters Relating to the Electronic Presentation of the Audited Financial Report

The audit report relates to the financial report of the Queensland Competition Authority for the financial year ended 30 June 2008 included on the Queensland Competition Authority's web site. The Members are responsible for the integrity of the Queensland Competition Authority's web site. We have not been engaged to report on the integrity of the Queensland Competition Authority's web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Queensland Competition Authority, to confirm the information included in the audited financial report presented on this web site.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Report on the Financial Report

I have audited the accompanying financial report of the Queensland Competition Authority which comprises the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Chairperson and the Chief Executive.

The Members' Responsibility for the Financial Report

The Members are responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the Financial Administration and Audit Act 1977 and the Financial Management Standard 1997, including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the Auditor-General of Queensland Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The Financial Administration and Audit Act 1977 promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Auditor's Opinion

In accordance with s.46G of the Financial Administration and Audit Act 1977 –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Queensland Competition Authority for the financial year 1 July 2007 to 30 June 2008 and of the financial position as at the end of that year.

G RAPISARDI CPA
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane



Appendices

Staff List

as at 30 June 2008

Team Leaders

Sean Andrews BBus(Eco/Fin) MBA AFAIM MLGMA ASA
Moston Neck BEcon GradDipEcon
George Passmore BAgEcon(Hons) MAgEcon

Technical

Pag Arao-Arao BEcon
Cath Barker BA BEcon **
Jill Bright BSci GradCertHthSci MIntEcon&Fin GradDipEdu (Teaching)
Michael Blake BSc(Math.Econ) BA(History) MPublPol PhD(Econ) (Micro Theory)
Ralph Donnet BAgEcon GradDipFinMgt
Ross Franklin BSci BBus (Econ)
Les Godfrey BE BEcon MBA(Adv) MFM Cert IV in AWT FIEAust CPEng
Emma Green BCom(Econ)
Sean Greenup BEcon BBus(Hons)
Ruchi Gupta PhDAppEcon
Peter Halligan MSocResMet
Michelle Kelly BEcon BBusMan
Zaeen Khan BAppEcon
Alicia Kok BBus MBusEcon
Robin Laver BEcon GradCertAppFin&Inv
Andrew McMicking BA BEcon MPubAdm
Charles Millstead BA BEcon(Hons)
Lisa Newton BEcon BEcon(Emet)(Hons) PhD(Emet)
Duc Nguyen-Hong BEcon GradDipAppEcon MEconSt
Ravi Prasad BEcon(Hons) LLB (appointed Team Leader as of 1 July 2008)
Karandeep Randhawa BEcon (Hons)
Matthew Rintoul BBus GradDipEcon MAppEcon
Bradley Rogers BEcon
Paul Smith BAppSci (App Biol)
Liam Stewart BA GradDipBusAdm MIntLaw
Yewy Tan BA MIntEcon&Fin DipBusMgt
Stephen Wisenthal BA (Hons) Econ
Michael Wydeveld BCom(Econ) MCom(Econ)(Hons)

Support

Donna Bartholomaeus
Hugh Cansdell
Sabina O'Donoghue JP (Qualified)
Carola Hofmann
John Palm BBus
David Walsh
Tamra Simpson #

** *part-time*
temporary or casual appointment

Specialist Services

Total expenditure on specialist services during 2007-08 was \$1,276,610.

| <i>Specialist Services by Category in 2007-08</i> | <i>\$</i> |
|---|------------------|
| Management | 4,697 |
| Finance/Accounting | |
| Professional/Technical | 1,271,913 |
| <i>Total</i> | <i>1,276,610</i> |

| <i>Specialist Services Awarded in 2007-08 by Value</i> | <i>No. of Consultants</i> |
|--|---------------------------|
| Less than \$20,000 | 10 |
| \$20,001 - \$100,000 | 11 |
| More than \$100,000 | 3 |
| <i>Total</i> | <i>24</i> |

Other Issues

Overseas Visits

No overseas travel was undertaken by the Authority during 2007-08.

Meetings of the Authority

Fourteen meetings of the Authority were held during 2007-08.

| | <i>Scheduled Meetings</i> | | <i>Special Meetings</i> | |
|------------------|---------------------------|-----------------|-------------------------|-----------------|
| | <i>Held</i> | <i>Attended</i> | <i>Held</i> | <i>Attended</i> |
| Brian Parmenter | 12 | 12 | 2 | 2 |
| Ian White | 9 | 7 | 1 | - |
| Justin Malbon | 12 | 12 | 2 | 2 |
| Mark Christensen | 12 | 12 | 2 | 2 |
| Steve Bredhauer | 11 | 11 | 2 | 2 |

Details of Annual Report Production

200 copies of this report have been printed at an average cost of \$9.46 per copy. Extra copies may be obtained from the Authority's office. A copy of this report is available in PDF format on the Authority's website at www.qca.org.au.

Feedback on Annual Report

Readers are encouraged to provide feedback on the contents or structure of this report by contacting the Authority's offices as detailed on the back cover.