



Annual Report 2008-09

© Queensland Competition Authority 2009

The Queensland Competition Authority supports and encourages the dissemination and exchange of information. However, copyright protects this document. The Queensland Competition Authority has no objection to this material being reproduced, made available online or electronically but only if it is recognised as the owner of the copyright and this material remains unaltered.

Table of Contents

| | Page |
|----------------------------------|------|
| Chairperson's Introduction | 1 |
| The Authority | 2 |
| Electricity | 6 |
| Gas | 8 |
| Ports | 10 |
| Rail | 11 |
| Local Government | 12 |
| Water | 14 |
| Competitive Neutrality..... | 15 |
| Corporate Matters..... | 16 |
| Financial Statements..... | 19 |
| Other Issues | 32 |
| Publications 2008-09 | 33 |

Chairperson's Introduction

This thirteenth annual report of the Queensland Competition Authority gives details of the Authority's activities over the financial year 2008-09.

The Authority has continued to discharge its responsibilities in the regulation of Queensland's coal export infrastructure (ports and rail), electricity and gas retail and distribution systems, local government infrastructure charges, and retail water pricing. But in a number of these areas, there have been changes to the environment that have impinged on the Authority's operations and will continue to pose challenges in the future.

As far as the coal export infrastructure is concerned, the global financial crisis that developed early in the period altered, at least temporarily, stakeholders' expectations about future demand on the system. In addition, Queensland Rail (QR) undertook a major corporate restructure and the possibility arose that there could be changes in the ownership of both the rail and port components of the regulated system. Against this background, expansion of the Dalrymple Bay Coal Terminal (DBCT) proceeded relatively smoothly while consideration of a replacement undertaking for QR Network continued. With replacement undertakings due to be finalised for both ports and rail in the coming year, an important imperative is to ensure adequate focus on whole-of-coal-chain considerations.

In the case of the electricity and gas systems, the process of transferring responsibility for the regulation of the distribution systems to the Australian Energy Regulator (AER) has continued. The AER assumed responsibility for gas distribution at the beginning of 2008-09 and is due to assume responsibility for electricity distribution at the beginning of 2010-11. The Authority continued its responsibilities for the regulation of retail competition in the electricity and gas markets. The most notable developments concerned the annual adjustment of notified prices for electricity according to the Authority's calculation of changes in the Benchmark Retail Cost Index (BRCI). A successful judicial-review challenge to the Authority's 2008-09 BRCI decision required the Authority to remake its original decision and also had implications for the subsequent 2009-10 decision. Following this, on 25 June 2009, the Premier and the Treasurer directed the Authority to conduct a review of Queensland's electricity pricing and tariff structures. I hope that this will result in a system that is more robust than the BRCI system has proved to be.

The Authority's relatively recent roles in the regulation of local government infrastructure charges and retail water prices have continued to evolve. In the case of infrastructure, coordination of the relative responsibilities of the Authority and the Department of Infrastructure and Planning has been refined and the necessary process of supporting councils in their preparation of Infrastructure Charges Schedules has been advanced. In the case of water, the end of drought conditions in South East Queensland (SEQ) and recent changes in the government's administrative system for water supply in the region were significant events. Following a very limited initial monitoring role, the Authority has now received an amended direction relating to the monitoring of SEQ councils' retail pricing practices and anticipates that its role in the regulatory arrangements for the SEQ water distribution and retail businesses will develop further in future.

In closing, I would like to thank the Authority's Secretariat and my fellow Members for their efforts over the last year. I am confident that we have the skills and dedication necessary to meet the challenges that the Authority faces in the coming year.

Brian R Parmenter
Chairperson
24 September 2009

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 QR National may now run trains on track owned by QR Network Pty Ltd, 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 which 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 Authority 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 governments.

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. On 25 June 2009, the Ministers formally directed the Authority to conduct a review of electricity pricing and tariff structures.

In addition to its responsibilities under the QCA Act, the Authority has responsibilities under other Queensland legislation, including the *Electricity Act 1994*, the *Electricity Code*, the *Gas Supply Act 2003* and the *Gas Industry Code* where it has responsibilities in relation to service quality and setting of retail electricity prices.

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 has been 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 part-time consultant with Frontier Economics. He previously held a number of executive positions with Tactical Global Management Ltd (TGM), a Brisbane-based funds management firm, and before that was Professor of Applied Economics in the Centre of Political Studies at Monash University, a member of the Monash University Council and Chairman of the TGM Board.

Mr Mark Christensen, BBus MFM CPA FSIA

Deputy Chairman – Appointed in 2005, Mr Christensen is a part-time consultant with Synergies Pty Ltd providing advice mainly on valuation and capital structures. Until August 2009, Mr Christensen was a Senior Lecturer in the School of Economics and Finance at the Queensland University of Technology with over 25 years service. 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 1989 to 2004, Mr Bredhauer was the State MP for Cook and from 1998 until 2004 he was the Queensland Minister for Transport and Minister for Main Roads. This included Ministerial oversight of Queensland ports and Queensland Rail.

Professor Justin Malbon, LLB LLM PhD Barrister

Member – Appointed in 2001, Professor Malbon is at the Law School, Monash University. He previously was an 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 at a major law firm. 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.

Ms Sally Pitkin, LL.B., LL.M., FAICD

Member – Appointed in 2008, Ms Pitkin is a professional non-executive director. Her extensive board experience has been gained in roles in the private and public sectors across diverse industries from financial services, transport and energy to commercialisation of emerging technologies. She currently holds directorships with Aristocrat Leisure Limited, UniQuest Pty Ltd and Export Finance and Insurance Corporation. Ms Pitkin is a former partner with Clayton Utz lawyers, where she led specialist groups within the firm's banking and finance and corporate practices during her 20 years of practice. Ms Pitkin is a State Council member of CEDA, a member of ASIC's Regional Liaison Committee and a trustee of Brisbane Girls Grammar School.

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.

Senior Staff

Mr Paul Bilyk, BCom(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 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 has 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 2009



Electricity

In Brief

Retail

Full retail competition (FRC) in the Queensland electricity market commenced on 1 July 2007. Under the *Electricity Act 1994*, the Authority is responsible for administration and enforcement of the Electricity Industry Code (the Code), which sets the framework for how the retail market is to function and the calculation of the annual adjustment to regulated retail electricity. During 2008-09 the Authority was given the additional responsibility of administering the Electricity (Retail Billing Guaranteed Service Level Scheme) Code which requires retailers to make specified payments to customers in circumstances where inaccurate bills have been issued and paid.

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

Since the introduction of FRC on 1 July 2007, consumers may choose which retailer supplies their electricity. During 2008-09, the Authority undertook work in the following retail 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.

In June 2008, the Authority determined that the BRCI was expected to increase by 5.38% in 2008-09. Following a judicial review process

initiated by two retailers, AGL and Origin Energy, the Authority was required to remake its 2008-09 decision on a basis that was different in two ways to its original decision. These differences related to the method of calculating energy purchase costs and the use of updated data when the Authority was required to recalculate a previous decision due to a change in methodology.

The Authority released its Remade 2008-09 BRCI decision on 5 June 2009. The revised increase was 9.06%. However, it had no impact on the prices paid by customers during 2008-09.

The judicial review decision also had implications for the 2009-10 BRCI calculations. The Authority released its Final Decision on 9 June 2009 indicating that the BRCI was expected to increase by 11.82% in 2009-10. When account is taken of the remade 2008-09 BRCI decision, prices in 2009-10 will be 15.5% higher than in 2008-09. In both years, higher network costs and higher electricity supply costs accounted for the majority of the increases.

Review of Electricity Pricing and Tariff Structures

On 25 June 2009, the Premier and the Treasurer directed the Authority to conduct a Review of Electricity Pricing and Tariff Structures in Queensland. The review consists of two stages. The first examines pricing methodologies and existing tariffs. The second is a review of alternative tariff structures. The Authority released a request for comments paper on 25 June 2009, and an information paper on 7 July 2009. The Ministerial direction requires the full review to be complete by 30 November 2009.

Price Comparator

The Authority continued to maintain an online retail price comparator. Averaging 2,487 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.

Minimalist Transitioning Approach for Ergon Energy

The Electricity Industry Code provides for Ergon Energy to operate under a "minimalist transitioning approach" (MTA) arrangement. In essence, this allows Ergon Energy extra time to process customer transfer information requests

from retailers. This enables it to 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.

This year, the Authority conducted its second annual review. It again concluded that there appeared to be no benefit in removing Ergon Energy's MTA provisions. Therefore, the MTA provisions will remain in place for 2009-10.

Consumer Advisory Committee

The Authority established a Consumer Advisory Committee in April 2007 to advise it 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, comprised of organisations that represent the interests of consumers, has met on a quarterly basis throughout the year. Minutes from each meeting of the Committee are published on the Authority's website.

Review of Retrospective Retail Pricing

On 22 June 2009, the Authority issued an Interim Consultation Paper on proposed amendments to the Code requiring retailers to give customers prior notice of price changes.

The Billing Code

The Electricity (Retail Billing Guaranteed Service Level Scheme) Code (the Billing Code) came into effect on 19 September 2008 and requires that electricity retailers give rebates off subsequent electricity bills (GSL payments) if customers have received and paid electricity bills containing 'material errors'. The rebates are \$15 (for an error of between \$0.40 to \$10) and \$40 (for an error of \$10 or more).

The Authority is responsible for overall administration of the Billing Code including monitoring compliance and, where necessary, initiating enforcement proceedings. In addition, retailers are required to report quarterly to the Authority on the number of payments made. The Authority publishes this information on its website.

Distribution

Ergon Energy Cyclone Larry Cost Pass-Through

The Authority released its Final Decision, in September 2008, on an application from Ergon Energy for approval to pass through costs associated with Severe Tropical Cyclone Larry. The Authority's Final Decision was to approve the pass-through of costs associated with \$6.7 million of capital costs and \$7.9 million of operating costs incurred by Ergon Energy in response to Cyclone Larry.

Full Retail Competition Cost Pass-Through Application from Energex

The Authority released its Final Decision in November 2008 on an application by Energex for approval to pass through costs associated with the introduction of FRC in Queensland. In its Final Decision, the Authority approved the pass through of \$62.6 million of costs associated with the introduction of FRC, comprising \$34.0 million of project implementation costs and \$30.6 million of operational costs, offset by savings of \$2.0 million.

Review of Minimum Service Standards (MSS) and Guaranteed Service Levels (GSL) commencing 1 July 2010

On 24 April 2009, the Authority released its Final Decision on its Review of the Minimum Service Standards (MSS) and Guaranteed Service Levels (GSL) to apply to electricity distributors in Queensland from 1 July 2010.

The Authority's Final Decision was to make a number of changes to the Indicative MSS that were already contained in Schedule 1 of the Code, which were to apply to distributors from 1 July 2010. The Authority also decided to retain the existing set of GSL arrangements, but to increase the level of GSL payment amounts in the Code by approximately 30% to maintain their deterrent value by accounting for the effects of inflation over the relevant period.

The Authority decided not to introduce any additional MSS measures. However, the Authority committed to investigating the introduction of a new voltage supply measure prior to the next review. The Authority's Final Decision required a number of amendments to be made to the Electricity Industry Code.

On 22 May 2009, the Authority released a Discussion Paper on proposed amendments to the Code regarding the process that applies when a customer lodges a claim for a GSL payment from a distributor. This review was foreshadowed in the Final Decision of the MSS and GSL Review (discussed above). The proposed amendments will simplify and standardise the existing process for lodging GSL claims. Submissions closed on 19 June 2009.

The Year Ahead

Retail

The Authority will undertake a range of activities related to the retail electricity industry during 2009-10, including the review of retail pricing and tariff structures and reporting on the development of retail electricity market in Queensland. The Authority will also complete its review of the GSL claim procedures, retrospective retail pricing increases and reporting requirements under the Gas and Electricity Industry Codes.

As in previous years, the Authority will be determining regulated retail prices to apply from 1 July 2010, monitoring (and if necessary enforcing) retailers' compliance with the Code and maintaining the retail electricity price comparator.

Distribution

As distribution regulatory functions are due to be transferred to the Australian Energy Regulator (AER) from 1 July 2010, the AER is currently undertaking its review of the regulatory arrangements to apply from that date. The Authority will continue to administer the current arrangements established in its 2005 Final Determination throughout the coming year.

The Authority's distribution-related activities during 2009-10 are expected to centre on ensuring that Energex and Ergon Energy comply with their obligations under the Electricity Industry Code, including the preparation of Network Management and Summer Preparedness Plans, compliance reporting, and compliance with Minimum Service Standards and Guaranteed Service Levels.

Gas

In Brief

Retail

The Authority continued its role in regulating the retail gas market, including preparation for the establishment of the Australian Energy Market Operator (AEMO) on 1 July 2009.

Competition in the gas market resulted in a further rise in the numbers of customers transferring to a new retailer.

Distribution

On 1 July 2008, responsibility for regulation of gas distributors in Queensland transferred from the Authority to the AER.

Consistent with the transitional provisions for the transfer of responsibility, the Authority finalised its decision on a current cost pass-through application from APT Allgas.

The Full Picture

Retail

During the year, the Authority continued to monitor retailers' compliance with the Gas Industry Code of Queensland. In discharging its responsibilities in 2008-09, the Authority was active in the following areas:

Customer Transfer Statistics

The Authority continued to monitor developments in the competitive market. Vencorp (the gas market operator in Queensland) recorded 22,238 customer transfers in the second year of FRC. This figure has more than tripled compared to the first year of FRC, when 7,306 transfers were recorded.

Price Comparator

The Authority continued to maintain an online retail price comparator to assist 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.

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 consistent with the provisions of the *Gas Supply Act 2003*. The Authority is an observer on the Committee.

Review of Small Customer Gas Pricing and Competition

On 30 April 2008, the Minister for Mines and Energy directed the Authority to review small customer gas pricing and competition in the Queensland retail gas market. The purpose of the review was to examine current market issues in the interests of gas customers, incumbent retail market participants and new entrants. The Authority released its Final Report on 1 December 2008, finding that competition in the Queensland small customer gas market was still in its infancy but competitive signs were emerging. The report noted some remaining issues with cost reflectivity of current tariffs for very small customers.

Gas Interface Protocol Change Process

In October 2008, the Authority approved a simplified process for approval of amendments of a minor or technical nature. Such amendments will no longer require Authority approval. Rather, these will be processed by the Queensland Gas Retail Market Operator following consultation and agreement by QGIAC.

Two minor changes were made to the Gas Interface Protocol during the year.

Queensland Gas Retail Market Operator Participant Fee Approval

The FRC fee charged to Queensland retail gas market participants was reduced from \$0.285 to \$0.184 per customer supply point per month, for 2009-10.

Gas Industry Code Change: Establishment of the Australian Energy Market Operator

A number of amendments were approved to the Gas Industry Code in order to facilitate the transfer of Gas Retail Market responsibilities to the AEMO.

The AEMO assumed the functions of the Queensland Gas Retail Market Operator on 1 July 2009. Ministerial approval was received on 25 June 2009.

Distribution

Price Approvals

From 1 July 2008, the responsibility for economic regulation of gas distribution in Queensland transferred to the AER under the *National Gas (Queensland) Act 2008*. Transitional provisions established as part of the transfer of responsibilities provided for the Authority to complete any matters that were outstanding at the transfer date.

APT Allgas Cost Pass-through Application

On 13 March 2009, the Authority released its Final Decision on an application from APT Allgas for approval to pass through costs associated with the introduction of FRC. The Authority's Final Decision permitted APT Allgas to pass through \$2.91 million in capital expenditure and \$8.37 million in operating costs during the current access arrangement period.

The Year Ahead

Retail

Establishment of the Australian Energy Market Operator

With the establishment of the AEMO, some further regulatory functions transferred from the Authority to the AER. These relate to changes to the Gas Market Rules, and approving fees charged by AEMO. The Authority remains responsible for amending the Gas Industry Code.

During 2009-10 the Authority will undertake a range of activities relating to the retail gas industry, including reporting on the development of retail gas market in Queensland and completing a review on reporting requirements under the Gas and Electricity Industry Codes. The Authority will also be monitoring (and if necessary enforcing) retailers' compliance with the Gas Industry Code, maintaining the retail gas and electricity price comparator and approving amendments to the Gas Industry Code.

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 2008-09 has concentrated on the terminal's expansion.

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, the operator of DBCT, is engaged in progressively expanding this terminal. The first phase of the current expansion (from 60 to 68 million tonnes per annum (mtpa)) was completed in March 2008; the second phase (to 72 mtpa) was commissioned in December 2008 and the third phase (to 85 mtpa) was completed in June 2009. DBCT Management is now assessing options for further terminal expansions as it has requests for capacity substantially in excess of 85 mtpa.

A key feature of the DBCT access undertaking is the arrangement whereby the Authority assesses 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 2008-09, the Authority had approved expansion costs of approximately \$820 million (representing about 68% for the forecast engineering costs for the expansion).

In October 2008, DBCT Management sought the Authority's approval to increase regulated revenues and tariffs to take account of the forecast costs of the last phases of the current expansion. The Authority approved these forecast costs in November 2008. This provided for increases in the terminal's tariffs from \$2.12 to \$2.38 per tonne in January 2009 and to \$2.42 per tonne upon the completion of the expansion works.

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 2009, DBCT Management submitted and the Authority approved an increase in the terminal's tariff to \$2.46 per tonne.

The Year Ahead

The current undertaking expires at the end of 2009.

To date, DBCT Management has continued to negotiate with users on a replacement undertaking. These negotiations reflect a desire for any new undertaking to reflect not just matters related to the terminal, but also broader whole-of-coal-chain considerations.

As it is now expected that DBCT Management will submit the replacement undertaking in late 2009, it is also anticipated that it will seek to extend the current undertaking to the end of 2010.

The Authority will also continue to assess the costs of the expansion of DBCT and anticipates that it will complete its assessment of contract costs by the end of the 2009-10 financial year.

In addition, applications for tariff increases are expected, to adjust for the impact of the actual expansion costs of the phase 1 and the phase 2/3 expansions.

Separately, in July 2009, the Federal Chamber of Automotive Industries lodged an application for declaration of vehicle import services at the Fisherman Islands facility at the Port of Brisbane under Part 5 of the QCA Act. The Authority has commenced its review of this application which will be concluded during 2009-10.

Rail

In Brief

Queensland Rail (QR) Ltd, and its subsidiaries, must allow other train operators to use its intrastate rail infrastructure in accordance with Part 5 of the QCA Act.

In September 2008, the majority of QR Ltd's declared rail infrastructure assets were separated out and transferred to QR Network Pty Ltd (QR Network).

The Authority has approved an access undertaking from QR Network that 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 system west from Brisbane (western system). This undertaking expires on 31 December 2009.

The Full Picture

QR Network's 2008 access undertaking sets out the terms and conditions under which it will provide access to the relevant parts of its rail (track) infrastructure. The undertaking identifies QR Network'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.

Undertaking Amendments

In June 2006, the Authority approved an access undertaking from QR Ltd for the declared rail infrastructure under its control.

In September 2008, QR Ltd undertook a corporate restructure resulting in the creation of a subsidiary, QR Network, which is responsible for managing the majority of the declared rail infrastructure (the main exceptions are stations and platforms).

As a result, in October 2008, the Authority approved the withdrawal of QR Ltd's 2006 access undertaking and approved a replacement 2008 access undertaking submitted by QR Network. In considering these applications, the Authority sought to ensure that the new undertaking did not result in a dilution of QR Ltd's obligation while adequately reflecting the changed legal responsibilities within the QR group.

As the 2008 undertaking was due to expire on 30 June 2009, in September 2008, QR Network submitted a replacement draft 2009 access undertaking (2009 DAU) for the Authority's approval. In October 2008, the Authority published the 2009 DAU, released a discussion paper and invited submissions from stakeholders. The 2009 DAU, together with stakeholder submissions and expert consultant advice, is being reviewed by the Authority. A draft decision is under preparation.

Given the time needed to assess the 2009 DAU, in April 2009, QR Network submitted a draft amending access undertaking (DAAU) to extend the termination date of the 2008 undertaking from 30 June 2009 to 31 December 2009. Following a short public consultation process, where no adverse responses were received from stakeholders, the Authority approved the 2008 DAAU in May 2009.

QR Network has sought the Authority's approval to include a new reference tariff in its undertaking to apply to coal-carrying train services from the Minerva mine (40km south of Emerald) to the port of Gladstone. The Authority expects to finalise this matter early in 2009-10.

Revenue Cap Adjustment

QR Network's access undertaking provides for QR Network to seek the Authority's approval to adjust tariffs to account for any under- or over-recovery of its approved revenue cap. In October 2008, QR Network sought approval to recover a revenue shortfall in 2007-08 by increasing its 2009-10 revenue cap by \$43.6 million. The Authority approved the revenue cap adjustment in February 2009.

Master Planning

QR Network's access undertaking provides for the Authority to approve the scope of QR Network'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 December 2008, QR Network completed a customer vote process for 17 projects valued at \$707 million. The Authority approved QR Network's application in full in April 2009.

Assessing QR's Capital Expenditure

Each year the Authority assesses the prudence of QR Network's previous year's capital expenditure. The Authority must approve QR Network's capital expenditure before accepting it into the regulated asset base. The Authority assesses QR Network's capital expenditure on the reasonableness of its scope, standard and cost.

In June 2009, the Authority approved QR Network's 2007-08 capital expenditure of \$250.9 million.

The Year Ahead

2009 Draft Access Undertaking

The Authority will finalise its assessment of the 2009 DAU during 2009-10. It is anticipated that a number of significant matters will remain unresolved by the time the 2009 DAU is approved, including measures to improve the efficiency of the coal supply chain which is the subject of a separate review process involving QR Network Pty Ltd, DBCT Management Pty Ltd, and the DBCT Coal Chain Board. The Authority anticipates it will be assessing a number of amendments to the 2009 undertaking during the latter part of 2009-10 to give effect to these outstanding matters.

General

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

Local Government

In Brief

The Authority provides independent advice on the appropriateness of the costs incorporated in local government infrastructure charges schedules.

During 2008-09, the Authority reviewed infrastructure charges schedules for several councils including Gold Coast City Council and for each of the former council areas of Caloundra, Maroochy and Noosa which now form the Sunshine Coast Regional Council.

The Full Picture

Infrastructure Charges

The *Integrated Planning Act 1997* (IPA) provides for the Minister for Planning to seek advice from the Authority about a local government's infrastructure charges schedule (ICS). To date, the Authority has been asked to advise on the 'appropriateness' of the establishment costs of trunk infrastructure identified by a local government in its priority infrastructure plan (PIP).

Trunk infrastructure that the Authority may be required to review includes 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.

As part of the agreed arrangements, the Department of Infrastructure and Planning (the Department) 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.

During 2008-09, the Department referred ICSs to the Authority for five council areas, and associated networks, as follows:

- Gold Coast City Council: water and wastewater networks. In response to the Authority's draft report (June 2008), Council amended and resubmitted its ICSs. A final report was forwarded to the Department in November 2008.

Following further amendments to the ICSs a revised final report was forwarded to the Department in February 2009;

- former Redcliffe City Council (now part of the Moreton Bay Regional Council): water, sewerage, stormwater, transport, public parks and land for community facilities networks. This review has been suspended pending amendment and re-submission of the ICSs by Council;
- former Caloundra City Council (now part of the Sunshine Coast Regional Council): water, sewerage, stormwater, transport, public parks and land for community facilities networks. A draft report was forwarded to the Department in April 2009;
- former Noosa Shire Council (now part of the Sunshine Coast Regional Council): water, sewerage, transport, public parks and land for community facilities networks. A draft report was forwarded to the Department in April 2009; and
- former Maroochy Shire Council (now part of the Sunshine Coast Regional Council): water, sewerage, stormwater, transport, public parks and land for community facilities networks. A draft report was completed in June 2009 and forwarded to the Department in July 2009.

In addition, at the request of the Department, the Authority provided preliminary reviews on the completeness of ICS submissions provided by the former Bundaberg City Council and former Burnett Shire Council (now both part of the Bundaberg Regional Council), the former Esk Shire Council (now part of the Somerset Regional Council) and Logan City Council.

Incidental to its role in reviewing local government ICSs, the Authority has liaised closely with, and supported, the Department in developing and refining related guidelines to assist local governments including:

- Draft IPA Guideline 1/08 (PIPs) – released for consultation on 4 August 2008;
- Draft IPA Guideline 2/08 (ICSs) – working draft released in December 2008; and
- Standard Infrastructure Charges Schedule – finalised and released in November 2008.

The Authority has also liaised with and supported councils through a program of workshops and council visits to facilitate the preparation of ICSs.

The Year Ahead

Infrastructure Charges

Further reviews of councils' ICSs are dependent upon their referral to the Authority by the Department. This in turn is dependent on progress by councils.

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

Water

In Brief

During 2008-09, the Authority completed the second stage of an investigation of the pricing practices associated with the Gladstone Area Water Board's (GAWB's) proposed contingent supply strategy. The Authority also commenced work on stage three which deals with proposed changes to pricing practices.

The Authority also finalised a determination in regard to a water supply dispute over the supply of water for irrigation purposes by SEQWater.

The Full Picture

Gladstone Area Water Board

The Gladstone Area Water Board (GAWB) owns the Awoonga Dam on the Boyne River. It provides treated and raw water to large industrial customers, power stations and the Gladstone Regional Council.

In response to changing hydrological circumstances and potential increases in demand, GAWB 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 required the Authority to review GAWB's recovery of proposed preparatory expenditure from existing and future customers and the means by which preparatory costs would be incorporated in prices. The Minister accepted the Authority's report on 14 March 2008.

Part (b) of the investigation required the Authority to investigate GAWB's proposed criteria for triggering construction of the appropriate augmentation in the event of drought or unexpected additional demand.

The Authority's Final Report (issued December 2008) concluded that GAWB's proposed criteria for triggering an augmentation in response to drought or unexpected additional demand were appropriate. However, the Authority considered that GAWB's proposed inflow assumption for the

trigger for augmentation in response to drought was too conservative.

The Ministers' acceptance of the Authority's conclusions for Part (b) was gazetted on 15 May 2009.

The Authority has also commenced its investigation of GAWB's proposals for Part (c) which requires the Authority to investigate GAWB's proposed changes to pricing practices required to enable GAWB to recover its efficient costs of the system as appropriately augmented. GAWB's proposals for Part (c) were submitted to the Authority in June 2009.

Monitoring of South East Queensland (SEQ) Water Retailers

Under section 23A of the QCA Act, the Ministers referred the water supply activities of 10 South East Queensland Local Governments to the Authority for price monitoring.

The Authority was required to report:

- the extent to which increases in retail water prices were attributed by the Local Governments to increases in Bulk Water Grid costs; and
- whether these attributed increases in retail prices went beyond those required to recover the increase in Bulk Water Grid costs advised by the Government.

Final Reports were provided to the Ministers on 22 December 2008.

The Year Ahead

GAWB

The Authority expects to complete the final stage of the investigation of GAWB's contingent supply strategy by the end of 2009.

The Authority also expects a Ministerial Direction to undertake an investigation of GAWB's general pricing practices to coincide with the expiry of the current regulatory review period in mid-2010.

Monitoring of South East Queensland (SEQ) Water Retailers

The Authority has received an amended Direction under Section 23A of the QCA Act to monitor the SEQ councils' retail water pricing practices and report the extent to which increases in retail prices

are attributed by Local Governments to increases in bulk water grid costs and other costs. The Authority is also to identify whether any price increases go beyond those required to recover the increase in bulk water costs, advised by the Government, and other costs.

SEQ Regulatory Arrangements

The Authority anticipates receiving a Ministerial Direction in relation to the regulatory arrangements for the SEQ water distribution and retail businesses, requiring it to, inter alia, recommend efficient establishment costs for the new distribution/retail businesses, review pricing principles and interim pricing arrangements, and recommend an appropriate regulatory framework for the long term.

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 2009, 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 no formal investigations were 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.

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.

The Authority annually reviews its major risks including physical, employee practices liability, financial, information protection and reputation and image risks.

A systems appraisal of the Authority's financial systems was by an external expert during the financial year who confirmed that the systems were appropriate for an organisation the size of the Authority and met the Financial Management Standard.

Financial Position

Detailed financial statements are included in a later section of this report. The Authority's total expenditure amounted to \$11.1 million with the major items of expenditure being salaries (\$5.5 million) and payments for specialist advice (\$3.8 million).

Apart from the costs incurred in relation to the judicial review of the Authority's 2008-09 Benchmark Retail Cost Index decision, the expenditure incurred by the Authority in undertaking its duties and responsibilities was within budget.

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 2008-09, these fees totalled \$3.0 million.

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.

The Authority also received funding directly from the Department of Infrastructure and Planning on account of the services provided in respect of the review of Council ICSs.

In 2009-10, the Authority will review its fee charging structure with any changes expected to be implemented in the 2010-11 financial year.

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 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 has also confirmed for the Authority's offices that the level of risk due to Asbestos was low.

Meetings of the Authority

Eighteen meetings of the Authority were held during 2008-09.

| | <i>Scheduled Meetings</i> | | <i>Special Meetings</i> | |
|------------------|---------------------------|-----------------|-------------------------|-----------------|
| | <i>Held</i> | <i>Attended</i> | <i>Held</i> | <i>Attended</i> |
| Brian Parmenter | 12 | 12 | 6 | 6 |
| Mark Christensen | 12 | 11 | 6 | 6 |
| Steve Bredhauer | 12 | 11 | 6 | 6 |
| Justin Malbon | 12 | 12 | 6 | 6 |
| Sally Pitkin | 6 | 6 | 3 | 2 |

Freedom of Information

The Authority is subject to the provisions of Freedom of Information (FOI) legislation. No FOI requests were received during the 2008-09 financial year.

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.

Staffing Levels

The number of staff employed by the Authority as at 30 June 2009 was 45. The staffing levels of the Authority are based on the Authority's annual operational plan. 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 life/work balance and to that end encourages staff to take recreation leave on a regular basis.

Staff List as at 30 June 2009

Team Leaders

Sean Andrews BBus(Eco/Fin) MBA FAIM MLGMA ASA
 George Passmore BAgEcon(Hons) MAgEcon
 Joe Owen BEcon (Hons)
 Ravi Prasad BEcon(Hons) LLB
 Mark O'Sullivan BCom (Econ)

Technical

Pag Arao-Arao BEcon
 Cath Barker BA BEcon GradCert(AppFin&Inv)**
 Kelvin Binning BEcon BLaws
 Michael Blake BSc(Math.Econ) BA MPublPol PhD(Econ)
 Ralph Donnet BAgEcon GradDipFinMgt
 Trevor Evans BEcon LLB (Hons)
 Les Godfrey BE BEcon MBA(Adv) MFM FIEAust CPEng
 Fifi Gosali BA MSc(Econ) MSc(Soc Pro Fin)
 Emma Green BCom (Econ)
 Ruchi Gupta PhDAppEcon
 Carrie Haines BA BA(Econ) MIntEcon&Fin
 Lisa Haselwood BEcon BEcon(Emet)(Hons) PhD(Emet)
 Keith Hutchinson BBus (Econ)
 Michelle Kelly BEcon BBusMan GradDipAppFin

Zaeen Khan BAppEcon
 Alicia Kok BBusMan MBusEcon
 Jessica Lay BEcon BBusMgt(Int Bus)
 Adam Liddy BEcon (Hons)
 Andrew McMicking BA BEcon MPubAdm
 Rimu Nelson BEcon
 Karandeep Randhawa BEcon (Hons)
 Matthew Rintoul BBus GradDipEcon MAppEcon
 Bradley Rogers BEcon
 Geetu Sareen BEcon (Hons)
 Paul Smith BAppSci (App Biol)
 Liam Stewart BA GradDipBusAdm MIntLaw
 Yewy Tan BA MIntEcon&Fin DipBusMgt
 Stephen Wisenthal BA (Hons) Econ

Support

Donna Bartholomaeus
 Hugh Cansdell
 Sabina O'Donoghue JP (Qualified)
 Carola Hofmann
 John Palm BBus CPA
 James Vandenberg
 David Walsh BTech

** *part-time*

Staff Statistics as at 30 June 2009

| | Total Staff | Male | Female | NESB ^(a) | A&TSI ^(b) |
|-----------------|-------------|-----------|-----------|---------------------|----------------------|
| Chief Executive | 1 | 1 | 0 | 0 | 0 |
| Directors | 4 | 3 | 1 | 1 | 0 |
| Technical Staff | 33 | 21 | 12 | 5 | 0 |
| Support Staff | 7 | 4 | 3 | 1 | 0 |
| Total | 45 | 29 | 16 | 7 | 0 |
| Full-time Staff | 44 | 29 | 15 | 7 | 0 |
| Part-time Staff | 1 | 0 | 1 | 0 | 0 |
| Casual | 0 | 0 | 0 | 0 | 0 |
| Age 15-24 | 2 | 2 | 0 | 0 | 0 |
| 25-34 | 15 | 6 | 9 | 4 | 0 |
| 35-44 | 13 | 8 | 5 | 2 | 0 |
| 45 + | 15 | 13 | 2 | 1 | 0 |

(a) *Non English Speaking Background (voluntary disclosure)*

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

Financial Statements

INCOME STATEMENT OF THE QUEENSLAND COMPETITION AUTHORITY

for the year ended 30 June 2009

| | Notes | 2009 \$ | 2008 \$ |
|------------------------------------|-------|--------------------|------------------|
| Income | | | |
| Government Grant | | 4,000,000 | 4,000,000 |
| Fees | | 5,185,000 | 4,163,000 |
| Other Income | 3 | 419,896 | 989,403 |
| Total Income | | 9,604,896 | 9,152,403 |
| Expenses | | | |
| Members Expenses | 4 | 231,455 | 211,326 |
| Employee Expenses | 5 | 5,537,581 | 4,831,614 |
| Operating Expenses | 6 | 5,344,960 | 2,433,996 |
| Total Expenses | | 11,113,997 | 7,476,936 |
| Operating Surplus/(Deficit) | | (1,509,101) | 1,675,467 |

The accompanying notes form part of these financial statements



BALANCE SHEET OF THE QUEENSLAND COMPETITION AUTHORITY

as at 30 June 2009

| | Notes | 2009 \$ | 2008 \$ |
|--------------------------------------|-------|------------------|------------------|
| Current Assets | | | |
| Cash Assets | 7 | 6,986,234 | 7,892,321 |
| Receivables | 8 | 103,978 | 250,055 |
| Other | 9 | 176,843 | 145,610 |
| Total Current Assets | | 7,267,054 | 8,287,986 |
| Non Current Assets | | | |
| Plant and Equipment | 10 | 501,945 | 518,213 |
| Total Non Current Assets | | 501,945 | 518,213 |
| Total Assets | | 7,769,000 | 8,806,199 |
| Current Liabilities | | | |
| Payables | 11 | 1,078,300 | 506,269 |
| Accrued Employee Benefits | 12 | 290,405 | 423,881 |
| Total Current Liabilities | | 1,368,705 | 930,150 |
| Non Current Liabilities | | | |
| Accrued Employee Benefits | 12 | 353,836 | 320,491 |
| Total Non Current Liabilities | | 353,836 | 320,491 |
| Total Liabilities | | 1,722,542 | 1,250,641 |
| Net Assets | | 6,046,458 | 7,555,558 |
| Equity | | | |
| Contributed Equity | | 1,559,000 | 1,559,000 |
| Retained Surpluses | | 4,487,458 | 5,996,558 |
| Total Equity | | 6,046,458 | 7,555,558 |

The accompanying notes form part of these financial statements



STATEMENT OF CHANGES IN EQUITY OF THE QUEENSLAND COMPETITION AUTHORITY

for the year ended 30 June 2009

| | Retained Surpluses | | Contributed Equity | |
|-----------------------------|--------------------|------------------|--------------------|------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$ | \$ | \$ | \$ |
| Balance 1 July | 5,996,558 | 4,321,091 | 1,559,000 | 1,559,000 |
| Operating Surplus/(Deficit) | (1,509,101) | 1,675,467 | - | - |
| Balance 30 June | 4,487,458 | 5,996,558 | 1,559,000 | 1,559,000 |



CASH FLOW STATEMENT OF THE QUEENSLAND COMPETITION AUTHORITY

for the year ended 30 June 2009

| | Notes | 2009 \$ | 2008 \$ |
|--|-------|---------------------|--------------------|
| Cash flows from operating activities | | | |
| <i>Inflows:</i> | | | |
| Government Grant | | 4,000,000 | 4,000,000 |
| Fees | | 5,366,775 | 4,228,448 |
| Interest | | 426,755 | 481,846 |
| Other | | - | 500,000 |
| GST collected on services provided | | 518,584 | 466,300 |
| GST input tax credits from ATO | | 414,636 | 286,801 |
| | | 10,726,750 | 9,963,395 |
| <i>Outflows:</i> | | | |
| Members Expenses | | (231,455) | (211,326) |
| Employee Expenses | | (5,617,647) | (4,687,240) |
| Operating Expenses | | (4,615,965) | (2,220,197) |
| GST paid to Suppliers | | (518,084) | (337,720) |
| GST remitted to ATO | | (518,584) | (466,300) |
| | | (11,501,734) | (7,922,783) |
| Net cash provided by / (used in) operating activities | 13 | (774,984) | 2,040,612 |
| Cash flows from investing activities | | | |
| <i>Inflows:</i> | | | |
| Proceeds from disposal of plant and equipment | | 2,076 | - |
| <i>Outflows:</i> | | | |
| Plant and Equipment | | (133,178) | (420,443) |
| Net cash provided by / (used in) investing activities | | (131,103) | (420,443) |
| Cash flows from financing activities | | | |
| <i>Outflows:</i> | | | |
| Lease Incentive | | - | (18,904) |
| Net cash provided by / (used in) financing activities | | - | (18,904) |
| Net increase/(decrease) in cash held | | (906,087) | 1,601,265 |
| Cash at beginning of reporting period | | 7,892,321 | 6,291,056 |
| Cash at end of financial year | 7 | 6,986,234 | 7,892,321 |

The accompanying notes form part of these financial statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS OF THE QUEENSLAND COMPETITION AUTHORITY

for the year ended 30 June 2009

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 Accounting Standards.

This financial report is a general purpose financial report.

In addition, the financial statements materially comply with the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2009, 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 shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

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 also 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.

The Authority does not have any finance leases.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS OF THE QUEENSLAND COMPETITION AUTHORITY

for the year ended 30 June 2009

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 being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

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.

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.

l) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS OF THE QUEENSLAND COMPETITION AUTHORITY

for the year ended 30 June 2009

k) Issuance of Financial Statements:

The financial statements are authorised for issue by the Chairperson and Chief Executive at the date of signing the Management Certificate.

l) Judgements

The preparation of financial statements necessarily requires the determination and use of accounting estimates, assumptions, and management judgements that have that potential to cause a material impact on the carrying amounts of assets and liabilities. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect are included in the calculation of the following financial statement notes:

Accrued Expenses - note 11

Accrued employee benefits - note 12

Note 3:

Other Income

Interest

Contribution from Department of Infrastructure and Planning towards establishment costs of Infrastructure Charges Schedules Reviews

Gains on sale of Plant and Equipment

Total

| | 2009 | 2008 |
|---|----------------|----------------|
| | \$ | \$ |
| Interest | 417,820 | 489,403 |
| Contribution from Department of Infrastructure and Planning towards establishment costs of Infrastructure Charges Schedules Reviews | - | 500,000 |
| Gains on sale of Plant and Equipment | 2,076 | - |
| Total | 419,896 | 989,403 |

Note 4:

Members Expenses

Members Cost including Members' remuneration, travel and training

Members Fees

Members fees are determined by the Governor in Council.

Number of Members whose remuneration falls within the following bands:

\$30,000 - \$39,999

\$70,000 - \$79,999

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

| | 2009 | 2008 |
|---|---------|---------|
| | \$ | \$ |
| Members Cost including Members' remuneration, travel and training | 231,455 | 211,326 |

| | 2009 | 2008 |
|---------------------|------|------|
| \$30,000 - \$39,999 | 4 | 4 |
| \$70,000 - \$79,999 | 1 | 1 |

Note 5:

Employee Expenses

Salaries

Employer Superannuation Contributions

Long Service Leave Central Scheme Levy

Employee Related Expenses

Payroll tax

Staff Training Costs

Staff Recruitment Costs

Other Staff Expenses

Workers Compensation

Total

| | 2009 | 2008 |
|--|------------------|------------------|
| | \$ | \$ |
| Salaries | 4,098,879 | 3,929,089 |
| Employer Superannuation Contributions | 781,175 | 276,280 |
| Long Service Leave Central Scheme Levy | 80,111 | 62,395 |
| Employee Related Expenses | | |
| Payroll tax | 238,058 | 182,212 |
| Staff Training Costs | 143,438 | 102,972 |
| Staff Recruitment Costs | 167,680 | 261,297 |
| Other Staff Expenses | 18,517 | 12,268 |
| Workers Compensation | 9,723 | 5,101 |
| Total | 5,537,581 | 4,831,614 |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS OF THE QUEENSLAND COMPETITION AUTHORITY

for the year ended 30 June 2009

Note 6:

Operating Expenses

| | 2009 | 2008 |
|---|------------------|------------------|
| | \$ | \$ |
| Specialist Services | 3,789,166 | 1,276,610 |
| Occupancy Costs (including operating lease rentals) | 1,006,326 | 624,536 |
| Depreciation and Amortisation | 149,446 | 94,021 |
| Information Technology Costs | 129,429 | 165,501 |
| Travel and Accommodation Costs | 35,584 | 20,095 |
| Auditors Remuneration | 15,512 | 14,800 |
| General Administration Costs | 137,250 | 118,462 |
| Other Expenses | 82,246 | 119,971 |
| Total | 5,344,960 | 2,433,996 |

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

| | 2009 | 2008 |
|---------------|------------------|------------------|
| | \$ | \$ |
| Cash at Bank | 75,147 | 2,066,107 |
| Cash on Hand | 500 | 500 |
| Cash with QTC | 6,910,587 | 5,825,714 |
| Total | 6,986,234 | 7,892,321 |

Note 8:

Receivables

Current

| | 2009 | 2008 |
|---------------|------------|----------------|
| | \$ | \$ |
| Trade Debtors | - | 181,775 |
| Other | 530 | 17,361 |
| Total | 530 | 199,136 |

Net GST receivable

103,447 **50,919**

Total Receivables

103,978 **250,055**

Note 9:

Other

Current

| | 2009 | 2008 |
|--------------|----------------|----------------|
| | \$ | \$ |
| Prepayments | 176,843 | 145,610 |
| Total | 176,843 | 145,610 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS OF THE QUEENSLAND COMPETITION AUTHORITY

for the year ended 30 June 2009

Note 10:

Plant and Equipment

| | 2009 | 2008 |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| At Cost | 1,593,953 | 1,485,595 |
| Less: Accumulated Depreciation | (1,092,008) | (967,382) |
| Total Plant and Equipment | 501,945 | 518,213 |

Statement of Movement

| | Opening WDV 01/07/2008 | Additions | Disposals at WDV | Depreciation | Closing WDV 30/6/2009 |
|---------------------|------------------------------|----------------|---------------------|------------------|--------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Plant and Equipment | 518,213 | 133,178 | - | (149,446) | 501,945 |
| Total | 518,213 | 133,178 | - | (149,446) | 501,945 |

Note 11:

Payables

| | 2009 | 2008 |
|--------------------|------------------|----------------|
| | \$ | \$ |
| Accrued Expenses | 891,643 | 382,264 |
| Creditors | 161,976 | 119,005 |
| Audit Fees Payable | 12,512 | 5,000 |
| Other Payables | 12,169 | - |
| Total | 1,078,300 | 506,269 |

Note 12:

Accrued Employee Benefits

Current

| | 2009 | 2008 |
|-------------------------|----------------|----------------|
| | \$ | \$ |
| Employee Benefits | 333,194 | 348,218 |
| Salaries Payable/(Paid) | (42,789) | 75,663 |
| Total | 290,405 | 423,881 |

Non-Current

| | | |
|-------------------|---------|---------|
| Employee Benefits | 353,836 | 320,491 |
|-------------------|---------|---------|

Statement of Movement

| | Opening balance 01/07/2008 | Provisions made during the period | Provisions used during the period | Closing balance 30/6/2009 |
|---------------------------------|----------------------------------|---|---|------------------------------|
| | \$ | \$ | \$ | \$ |
| Employee Benefits - Current | 348,218 | 144,629 | (159,653) | 333,194 |
| Employee Benefits - Non Current | 320,491 | 33,345 | - | 353,836 |
| Total | 668,709 | 177,974 | (159,653) | 687,030 |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS OF THE QUEENSLAND COMPETITION AUTHORITY

for the year ended 30 June 2009

Note 13:

Notes to the Cash Flow Statement

Reconciliation of Operating Surplus to Net Cash Provided by / (Used in)

Operating Activities

| | 2009 \$ | 2008 \$ |
|--|------------------|------------------|
| Operating surplus/(deficit) | (1,509,101) | 1,675,467 |
| Depreciation expense | 149,446 | 94,021 |
| Loss on disposal of plant and equipment | - | - |
| Gain on sale of plant and equipment | (2,076) | - |
| <i>Changes in Assets and Liabilities</i> | | |
| Decrease/(increase) in receivables | 198,606 | 117,059 |
| Decrease/(increase) in prepayments/other | (31,233) | (63,562) |
| Increase/(decrease) in accrued employee benefits | (100,131) | 126,056 |
| Increase/(decrease) in payables and accruals | 519,504 | 91,571 |
| Net Cash Provided by / (Used in) Operating Activities | (774,984) | 2,040,612 |

Note 14:

Operating Lease Commitments

The offices occupied by the Authority are subject to an operating lease which expires on 15 February 2013.

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

| | 2009 \$ | 2008 \$ |
|--|------------------|------------------|
| Not later than one year (inclusive of GST) | 1,073,623 | 1,032,330 |
| Later than one year but not later than five years (inclusive of GST) | 3,030,969 | 4,104,593 |
| Total commitments | 4,104,593 | 5,136,923 |

Note 15:

Contingencies

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

Note 16:

Financial Instruments

a) Interest Rate Risk

Financial Assets

Cash Assets:- Effective Interest Rates

| | 2009 | 2008 |
|---------------|-------|-------|
| Cash at Bank | 4.92% | 6.65% |
| Cash with QTC | 5.34% | 8.18% |

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

Based on average balance of funds held with QTC over 2008-09 the Authority's loss would have been impacted by \$73,464 for a 1% change in interest rates (\$55,821 in 2007-08)

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS OF THE QUEENSLAND COMPETITION AUTHORITY

for the year ended 30 June 2009

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) Fair Value

For other assets and liabilities the 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 2009 and of the financial position of the Authority at the end of that year.

.....
Chairperson
Brian Parmenter

20 August 2009

.....
Chief Executive
EJ Hall

20 August 2009



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 2009 included on the Queensland Competition Authority's web site. The Members are responsible for the integrity of the Queensland Competition Authority's web site. I 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 2009 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 to express an opinion on the financial report based on the audit is prescribed in the Auditor-General Act 2009. This Act, including transitional provisions, came into operation on 1 July 2009 and replaces the previous requirements contained in the Financial Administration and Audit Act 1977.

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 Members, 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 Auditor-General Act 2009 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.40 of the *Auditor-General Act 2009* –

- (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 2008 to 30 June 2009 and of the financial position as at the end of that year.

S SINCLAIR CPA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

Other Issues

Specialist Services

Total expenditure on specialist services during 2008-09 was \$3,789,166

| <i>Specialist Services by Category in 2008-09</i> | <i>\$</i> |
|---|------------------|
| Management | 5,499 |
| Finance/Accounting | |
| Professional/Technical | 3,783,667 |
| Total | 3,789,166 |

| <i>Specialist Services Awarded in 2008-09 by Value</i> | <i>No. of Consultants</i> |
|--|---------------------------|
| Less than \$20,000 | 5 |
| \$20,001 - \$100,000 | 17 |
| More than \$100,000 | 5 |
| Total | 27 |

Overseas Visits

No overseas travel was undertaken by Authority members or staff during 2008-09.

Records Keeping

In maintaining its records, the Authority complies the provisions of *Public Records Act 2002*, Information Standard 40 (Recordkeeping) and Information Standard 31 (Retention and Disposal of Public Records).

Details of Annual Report Production

200 copies of this report have been printed at an average cost of \$7.43 per copy. Extra copies may be obtained from the Authority's office at Level 19, 12 Creek Street, Brisbane. A copy of this report is available in PDF format on the Authority's website at www.qca.org.au.

The Authority is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, you can contact us on (07) 3222 0555 and we will arrange an interpreter to effectively communicate the report to you.

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.

Publications 2008-09

Summary of Publications Released and Submissions Received during the Year

| | <i>Submissions</i> | <i>Publications</i> |
|------------------------|--------------------|---------------------|
| Competitive Neutrality | 0 | 0 |
| Electricity | 47 | 35 |
| Gas | 10 | 5 |
| Ports | 0 | 2 |
| Rail | 27 | 17 |
| Local Government | 3 | 5 |
| Water | 19 | 22 |
| Other | 0 | 7 |
| Total | 106 | 93 |

Publicly Available 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.

| <i>Release Date</i> | <i>Title</i> |
|---------------------|---|
| July 2008 | Interim Consultation Notice – Benchmark Retail Cost Index for Electricity 2009-10 |
| July 2008 | Draft Decision: Ergon Energy Severe Tropical Cyclone Larry Cost Pass-through Application |
| July 2008 | Decision: QR's 2006-07 Asset Base Roll-forward |
| July 2008 | Warning Notice – Energex |
| July 2008 | Discussion Paper: Review of Minimum Service Standards and Guaranteed Service Levels to apply in Queensland from 1 July 2010 |
| August 2008 | Draft Report: GAWB – Investigation of Contingent Water Supply Pricing Practices (Part b) |
| August 2008 | Request for Comments: QR Network's Preliminary West Blackwater Reference Tariff Proposal |
| August 2008 | Request for Comments: QR Network Pty Ltd's 2008 Draft Access Undertaking |
| August 2008 | Final Decision: QR Revenue Cap Adjustment 2007-08 – Extension of Time |
| August 2008 | Final Decision: QR's Capital Expenditure 2006-07 |
| August 2008 | Decision: Approval of QR's Revised 2007 Costing Manual |
| September 2008 | Draft Criteria for the Identification of Non-Government Business Monopoly Activities |
| September 2008 | Final Decision: Ergon Energy Severe Tropical Cyclone Larry Cost Pass-through Application |
| September 2008 | Draft Decision: APT Allgas FRC Cost Pass-through Application |
| September 2008 | Draft Decision: QR Network's Revised 2008 Draft Access Undertaking |
| September 2008 | Summary: Electricity Distribution Service Quality Reports – June Quarter 2008 |
| September 2008 | Summary: Performance and Compliance Energex and Ergon Energy with MSS and GSL for 2007-08 |

| <i>Release Date</i> | <i>Title</i> |
|---------------------|---|
| September 2008 | Notice of Investigation: QR 2008 Draft Access Undertaking |
| September 2008 | Decision: QR's Electric Charge Endorsed Variation Event |
| September 2008 | Draft Report: Retail Price Monitoring in SEQ Urban Water Sector – Brisbane City Council |
| September 2008 | Draft Report: Retail Price Monitoring in SEQ Urban Water Sector – Gold Coast City Council |
| September 2008 | Draft Report: Retail Price Monitoring in SEQ Urban Water Sector – Ipswich City Council |
| September 2008 | Draft Report: Retail Price Monitoring in SEQ Urban Water Sector – Lockyer Valley Regional Council |
| September 2008 | Draft Report: Retail Price Monitoring in SEQ Urban Water Sector – Logan City Council |
| September 2008 | Draft Report: Retail Price Monitoring in SEQ Urban Water Sector – Moreton Bay Regional Council |
| September 2008 | Draft Report: Retail Price Monitoring in SEQ Urban Water Sector – Redland City Council |
| September 2008 | Draft Report: Retail Price Monitoring in SEQ Urban Water Sector – Scenic Rim Regional Council |
| September 2008 | Draft Report: Retail Price Monitoring in SEQ Urban Water Sector – Somerset Regional Council |
| September 2008 | Draft Report: Retail Price Monitoring in SEQ Urban Water Sector – Sunshine Coast Regional Council |
| October 2008 | Draft Report: Small Customer Gas Pricing and Competition in Queensland |
| October 2008 | Final Decision: QR Network's Revised 2008 Draft Access Undertaking |
| October 2008 | Issues Paper: QR 2009 Draft Access Undertaking |
| October 2008 | Annual Report 2007-08 |
| October 2008 | Report: Electricity: Market and Non-market Customers – as at 30 June 2008 |
| October 2008 | Procedure for Gas Interface Protocol Changes |
| November 2008 | Final Decision: DBCT Phase 2/3 Forecast Cost Draft Amending Access Undertaking |
| November 2008 | Criteria for the Identification of Non-Government Monopoly Business Activities |
| November 2008 | Final Decision: Energex FRC Cost Pass-through Application |
| December 2008 | Final Report: GAWB – Investigation of Contingent Water Supply Pricing Practices (Part b) |
| December 2008 | Draft Decision: Benchmark Retail Cost Index for Electricity 2009-10 |
| December 2008 | Final Report: Small Customer Gas Pricing and Competition in Queensland |
| December 2008 | Final Report: Retail Price Monitoring in SEQ Urban Water Sector – Brisbane City Council |
| December 2008 | Final Report: Retail Price Monitoring in SEQ Urban Water Sector – Gold Coast City Council |
| December 2008 | Final Report: Retail Price Monitoring in SEQ Urban Water Sector – Ipswich City Council |
| December 2008 | Final Report: Retail Price Monitoring in SEQ Urban Water Sector – Lockyer Valley Regional Council |
| December 2008 | Final Report: Retail Price Monitoring in SEQ Urban Water Sector – Logan City Council |
| December 2008 | Final Report: Retail Price Monitoring in SEQ Urban Water Sector – Moreton Bay Regional Council |

| <i>Release Date</i> | <i>Title</i> |
|---------------------|--|
| December 2008 | Final Report: Retail Price Monitoring in SEQ Urban Water Sector – Redland City Council |
| December 2008 | Final Report: Retail Price Monitoring in SEQ Urban Water Sector – Scenic Rim Regional Council |
| December 2008 | Final Report: Retail Price Monitoring in SEQ Urban Water Sector – Somerset Regional Council |
| December 2008 | Final Report: Retail Price Monitoring in SEQ Urban Water Sector – Sunshine Coast Regional Council |
| January 2009 | Draft Decision: Review of Electricity Distribution Network Minimum Service Standards and Guaranteed Service Levels to apply in Queensland from 1 July 2010 |
| January 2009 | Summary: Electricity Distribution Service Quality Reports – September Quarter 2008 |
| January 2009 | Summary: Performance and Compliance Energex and Ergon Energy with MSS and GSL – September Quarter 2008 |
| January 2009 | Report: Electricity: Market and Non-market Customers as at 30 September 2008 |
| February 2009 | Final Decision: QR Network's Revenue Cap Adjustment 2007-08 |
| March 2009 | Updated Criteria for the Identification of Government Monopoly Business Activities |
| March 2009 | Updated Criteria for the Identification of Monopoly Water Supply Activities |
| March 2009 | Final Decision: APT Allgas FRC Cost Pass-through Application |
| March 2009 | Draft Decision: QR Network's DAAU: West Blackwater Reference Tariff |
| April 2009 | Final Decision: Review of Electricity Distribution Network Minimum Service Standards and Guaranteed Service Levels to apply in Queensland from 1 July 2010 |
| April 2009 | Report: Financial and Service Quality Performance 2007-08 – Energex |
| April 2009 | Report: Financial and Service Quality Performance 2007-08 – Ergon Energy |
| April 2009 | Decision: QR Network Master Plan 2008 Regulatory Pre-approval of Project Scope (Customer Vote) |
| May 2009 | Consultation Paper: Benchmark Retail Cost Index 2009-10 – Load Issues |
| May 2009 | Final Decision: QR Network's 2008 Extension DAAU |
| May 2009 | Final Decision: Review of Electricity Distribution Network Minimum Service Standards and Guaranteed Service Levels to apply in Queensland from 1 July 2010 |
| May 2009 | Summary: Electricity (Retail Billing GSL Scheme) Code Reports – 19 September 2008-31 December 2008 |
| May 2009 | Amended Final Decision: Severe Tropical Cyclone Larry Cost Pass Through |
| May 2009 | Summary: Performance and Compliance Energex and Ergon Energy with MSS and GSL – December Quarter 2008 |
| May 2009 | Summary: Electricity Distribution Service Quality Reports – December Quarter 2008 |
| May 2009 | Issues Paper: Review of Ergon Energy's Minimalist Transition Approach |
| May 2009 | Report: Electricity: Market and Non-market Customers as at 31 December 2008 |
| May 2009 | Discussion Paper: Code Amendments – GSL Claim Process |
| June 2009 | Remade Final Decision: Benchmark Retail Cost Index for Electricity 2008-09 |
| June 2009 | Final Decision: Benchmark Retail Cost Index for Electricity 2009-10 |
| June 2009 | Discussion Paper: Proposed Amendments to the Electricity Industry Code requiring prior notice for price changes |

| <i>Release Date</i> | <i>Title</i> |
|---------------------|---|
| June 2009 | Final Decision: QR Network's 2007-08 Capital Expenditure |
| June 2009 | Request for Comments: Review of Electricity Pricing and Tariff Structures – Stage 1 |

Reports to Government (not publicly available)

| <i>Release Date</i> | <i>Title</i> |
|---------------------|--|
| July 2008 | Quarterly Ministerial Report |
| July 2008 | Metrology Code Change |
| October 2008 | Quarterly Ministerial Report |
| November 2008 | Final Report: Review of Gold Coast Infrastructure Charges Schedules for Water and Wastewater |
| December 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 |
| February 2009 | Revised Final Report: Review of Gold Coast Infrastructure Charges Schedules for Water and Wastewater |
| April 2009 | Draft Report: Review of Caloundra Infrastructure Charges Schedules |
| April 2009 | Draft Report: Review of Noosa Infrastructure Charges Schedules |
| June 2009 | 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 2009 | Draft Report: Review of Maroochy Infrastructure Charges Schedules |

Other Reports (not publicly available)

| <i>Release Date</i> | <i>Title</i> |
|---------------------|---|
| March 2009 | Final Decision: Ergon Energy – Isaac Plains Cost Pass-through Application |
| May 2009 | Final Decision: Ergon Energy – SunWater Cost Pass-through Application |