



# Annual Report 2003-04



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# Chairperson's Introduction

This is the eighth Annual Report of the Queensland Competition Authority.

In August 2003, we witnessed the retirement of Mr Rod Wylie who was the inaugural Chairperson of the Authority. Mr Wylie provided outstanding leadership to the Authority, steering it through its critical developmental stages from 1996. He led the establishment of the Authority as an organisation respected for the high quality of its output and with a reputation as a facilitator of competition.

Following Mr Wylie's retirement, I assumed the position of Chairperson with Ms Sue Palmer assuming the position of Deputy Chairperson. The vacancy created on the Authority was filled by Mr Ian White, who had previously been with the Authority from its establishment in August 1997 to December 1998.

During the year under review, the Authority continued its role in relation to competition matters in the following areas:-

- Local Government - examined and reported on the implementation of competition policy reforms by local governments and made recommendations to the Ministers on payments to be made;
- Ports - commenced consideration of the draft access undertaking submitted for the Dalrymple Bay Coal Terminal, as well as the arbitration of a pricing dispute between the users and the effective owners;
- Water - reviewed local governments' progress in implementing two-part tariffs and began a further investigation of the pricing practices of the Gladstone Area Water Board;
- Rail - managed the approved access arrangements operating for Queensland Rail's intrastate rail infrastructure and commenced consideration of access arrangements for the next regulatory period;
- Electricity - commenced work on the arrangements to apply to the next regulatory period commencing in 2005, while at the same time managing the approved arrangements in respect of the current regulatory period;
- Gas - oversaw the operation of the regulatory arrangements that the Authority had previously approved for Allgas Energy Ltd and Envestra, the two major natural gas distribution networks.

The Authority also participated in the Somerville Committee's review of the electricity distribution system. In addition, the Authority undertook a review of the pricing principles which should apply in respect of investments made in response to extraordinary circumstances.

A detailed commentary in relation to the work undertaken by the Authority for the year under review is set out in the body of this report.

I would like to thank Mr John Hall, the Chief Executive of the Authority, his executive staff and all of the staff of the Authority for a job well done. The staff of the Authority continue to apply a high level of intellectual rigour to all that is undertaken.

I also wish to acknowledge the time and effort of my fellow board members who have made invaluable input to the Authority's decisions.

Darryl D McDonough  
Chairperson  
9 September 2004

# The Authority

## In Brief

In a properly functioning competitive market, a business is constrained by its competitors in the prices it can charge for its goods or services. If too high a price is charged, consumers will buy from a competitor at a lower price. Alternatively, if the business is the only supplier and charges too high a high 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 (for example, competing water pipelines).

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 two main ways:

- Using a practical business focus and economic theory, the Authority attempts to ensure that the pricing and other arrangements surrounding monopoly businesses mimic a properly functioning competitive market to the maximum extent possible and reasonable, so that consumers can gain access to services at a price which is fair to them and at the same time provides the businesses with a fair return on their investment.
- Ensuring that businesses can 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 can now run trains on QR owned track, in the same way that Optus can provide telephone services over Telstra's copper wire network. As a result, coal mines can choose the supplier who offers the best train service.

## The Full Picture

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

### *Goals and Functions*

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

The Authority seeks to provide a recognised avenue whereby both government and third parties can rely on an independent, objective appraisal of the 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 within Queensland with the principles of national competition policy.

### *Responsibilities*

In terms of the *Queensland Competition Authority Act 1997* (the QCA Act), the Authority's main responsibilities are:

#### *Monopoly Prices Oversight*

*"Government owned monopolies should not abuse their market power"*

Monopoly prices oversight is a mechanism that seeks to ensure that 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 monopolies or simply monitors the prices charged by them. 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.

### *Competitive Neutrality*

*“Significant government business activities which compete with the private sector should do so fairly”*

The principle of competitive neutrality requires that declared government business activities, which are in competition with the private sector, should not have a competitive advantage by not being subject to one or more of the following: Commonwealth or State taxes and tax equivalent systems; debt guarantee fees; or the procedural or regulatory requirements of the Commonwealth, State or local government.

The need for competitive neutrality is reinforced by the growth in competition between the public sector and the private sector, resulting, in part, from the commercialisation and corporatisation of government business activities.

The principle of competitive neutrality does not extend to competitive advantages arising from factors such as business size, skills, location or customer loyalty.

### *Third Party Access*

*“Essential infrastructure should be accessible to all potential users”*

Third party access supports competition by enabling competitors (ie “third parties”) to access essential infrastructure which cannot be economically duplicated. Infrastructure which may meet this criterion includes electricity and gas 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).

### *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. The Authority has received a number of directions under this provision, with the major one being to recommend the level of annual payments to councils under the Local Government Financial Incentive Payments Scheme. A section 10(e) direction was also received to investigate pricing practices for the Gladstone Area Water Board.

In addition to its responsibilities under the QCA Act, the Authority has responsibilities under other Queensland Government legislation. The Authority is the relevant regulator in respect of the pricing of gas distribution under the Gas Code and electricity distribution under the Electricity Code. It also has responsibilities regarding market conduct under the *Electricity Act 1994* and potential responsibilities in relation to service quality and setting of retail prices under the *Electricity Act 1994* and the *Gas Supply Act 2003*.

### *Application*

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

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

## 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.

### *Dr Darryl McDonough, BBus LLB(Hons) SJD FCPA FAICD*

*Chairperson* - Dr McDonough is a Brisbane partner of national law firm Clayton Utz, specialising in corporate matters. He is Chairman of the ASX listed Cellnet Group Limited and a Director of Super Cheap Auto Group Limited and a past State President of the Australian Institute of Company Directors.

### *Ms Sue Palmer, BComm CA FAICD*

*Deputy Chairperson* - Appointed in August 2001, Ms Palmer is Regional Manager - Finance and Commercial for Leighton Contractors Pty Ltd. Ms Palmer was previously the Chief Finance Officer at CS Energy Ltd, a government owned energy company and also held senior positions within Incitec Ltd and Price Waterhouse Urwick. Ms Palmer is on the Board of the Royal Blind Foundation and the Board of the Port of Brisbane Corporation.

### *Dr Justin Malbon, LLB LLM PhD Barrister*

*Member* - Appointed in August 2001, Dr Malbon is an Associate Professor at the Law School, Griffith University. Prior to that appointment, he was an Assistant Parliamentary Counsel with the Queensland Office of Parliamentary Counsel, and a solicitor at the Melbourne office of Blake Dawson Waldron. He has been actively involved in the consumer movement for many years, holding positions as President of the Queensland Consumers' Association and as a member of the board of the Australian Federation of Consumer Organisations.

### *Professor John Quiggin, BA BEc MEd PhD FAICD FASSA*

*Member* - Professor Quiggin is an Australian Research Council Federation Fellow in the Schools of Economics and Political Science at the University of Queensland. Professor Quiggin is prominent both as a research economist and as a commentator on Australian economic policy.

### *Mr Ian White, BEcon(Hons) CPA FAICD*

*Member* - Re-appointed in 2003, Mr White is Managing Director and Chief Executive Officer of Queensland Sugar, a position he has held for over 4 years. Originally from a finance and accounting background in both government and private industry, Mr White has extensive senior management and agribusiness experience, being a previous Chief Executive Officer of Grainco Australia Limited, Defiance Mills Limited and Queensland Cotton's US Operations. Mr White is a Director of the World Sugar Research Organization.

## Chief Executive

### *Mr E John Hall, BCom BEcon MBA AAUQ FAICD*

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

## Senior Staff

### *Mr Paul Bilyk, BEcon(Hons)*

*Director* - Mr Bilyk has broad experience in the oversight of infrastructure industries, first at the Industry Commission and then at the Bureau of Industry Economics. Between 1996 and 2001, he 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 was appointed as a Director of the Authority in November 2001.

### *Mr Gary Henry, BCom(Econ)*

*Director* - A former teacher, 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 March 2000.

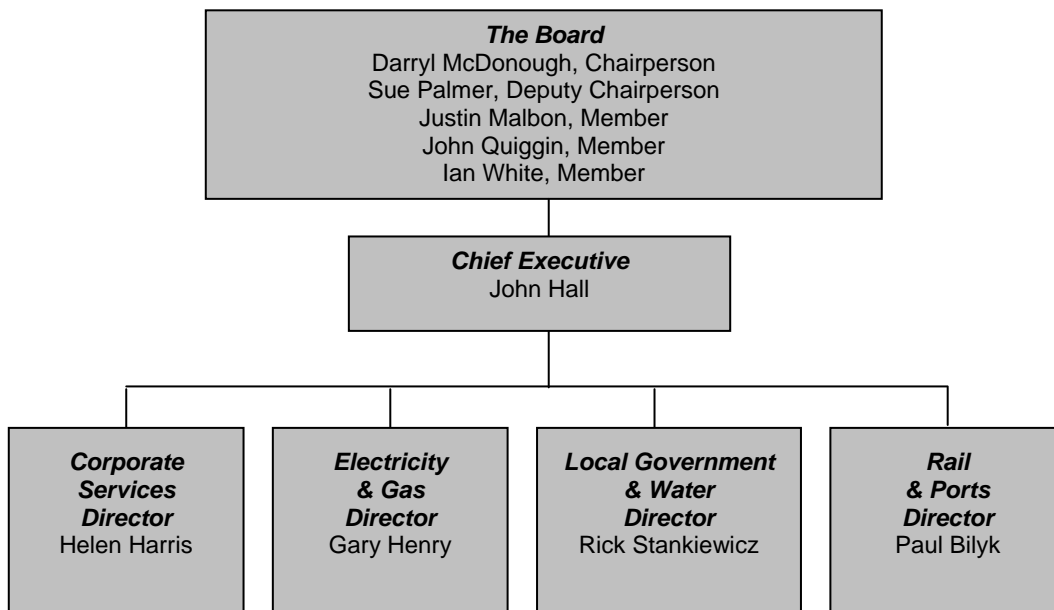
### *Ms Helen Harris, BComm GradDipLegStud GAICD*

*Director* - Ms Harris has considerable experience in the finance, information technology, administration, personnel and legal fields. Between 1988 and 1998, she held roles in the areas of genome research, central administration and policy, supercomputer research, international marketing, law and distance education across four different institutions within the university sector. Ms Harris was appointed as a Director of the Authority in 1998.

### *Mr Rick Stankiewicz, BEcon MEconStuds MProfAcc*

*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 2004*



# Summary for the Year

## *Issues Papers / Request for Comments Papers / Discussion papers / Decisions*

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Competitive Neutrality	1
Electricity Distribution	15
Gas Distribution	3
Rail	6
Ports	1
Water	1
Other	2
<b>Total</b>	<b>29</b>

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## *Submissions Received*

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Competitive Neutrality	1
Electricity Distribution	25
Gas Distribution	1
Local Government Two-Part Tariff Review	13
Rail	17
Water	8
Other - General Pricing Principles for Infrastructure Investments made in response to Extraordinary Circumstances	39
<b>Total</b>	<b>104</b>

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## *Reports to Government (not publicly available)*

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Review of Bundaberg City Council's Public Benefit Assessment of its Water & Sewerage Business Activity	1
Local Government (Two-Part Tariff Review)	1
Recommendations for Financial Incentive Payment Scheme Payment 2002-03 Volume I	1
Recommendations for Financial Incentive Payment Scheme Payment 2002-03 Volume II	1
Recommendations for Financial Incentive Payment Scheme Payment 2002-03 Volume III	1
Other- General Pricing Principles for Infrastructure Investments made in response to Extraordinary Circumstances	1
<b>Total</b>	<b>6</b>

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# Ports

## In Brief

The Dalrymple Bay Coal Terminal has considerable market power as an export coal terminal for the Bowen Basin coal mining industry. As such, it has been 'declared' for third party access under the QCA Act, which allows for the determination of fair and reasonable terms and conditions of access to the terminal.

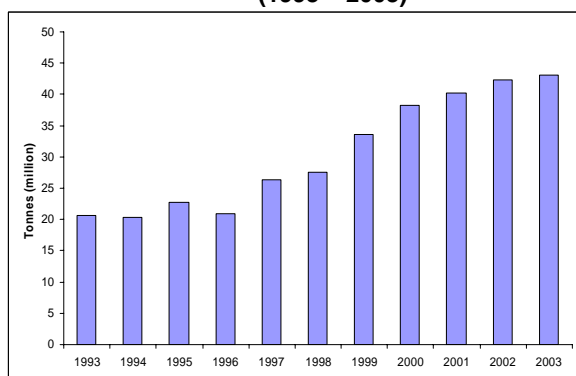
## The Full Picture

### *Access Undertaking*

The Dalrymple Bay Coal Terminal (DBCT) is owned by the Queensland Government but has been leased to the Prime Infrastructure Group (DBCT Management) under a 50 year lease (with an option to extend this by an additional 49 years). A separate company, DBCT P/L, manages the day-to-day operation of the terminal. DBCT P/L is jointly owned by some of the mines that export coal from the terminal.

As part of the leasing process, DBCT was declared by the Queensland Government for the purposes of third party access under the QCA Act. In compliance with the terms of the lease, a draft access undertaking was submitted to the Authority for its approval.

**DBCT Throughput Tonnages  
(1993 – 2003)**



The Authority is conducting an investigation into the draft access undertaking. As part of this, the Authority is addressing a range of issues including pricing, the provision of capacity, the scope of the undertaking and operational arrangements.

The Authority is also investigating ways of ensuring the enforceability of the undertaking given the complex ownership and leasing arrangements at the terminal. The Authority sought submissions from interested parties on the various issues under consideration.

The cost of capital assumptions and parameters proposed by DBCT Management and stakeholders were comprehensively assessed. This assessment is part of a wider review of the cost of capital across all industries regulated by the Authority. A report was released for public consultation and a large number of submissions were received.

The Authority also commissioned a valuation of DBCT's assets.

### *Price Review Arbitration*

The access undertaking will only apply to access negotiations entered into after the Authority has approved the undertaking. The approved undertaking will not apply to existing user agreements.

The existing user agreements provide for a review of prices, with new prices set to apply from 1 July 2004. These price review negotiations between DBCT Management and users have broken down, with the disputes subsequently referred to the Authority for arbitration. This arbitration is being conducted on a confidential basis by the Authority.

## The Year Ahead

The Authority will continue its assessment of the draft access undertaking for DBCT. Key issues emerging in the Authority's investigations to date are the appropriate asset valuation and cost of capital to apply, as well as the arrangements relating to future capacity expansions. The Authority will publish its assessment of the draft access undertaking in a draft decision.

The Authority expects that DBCT Management will submit a draft standard access agreement for approval by the Authority in the year ahead.

The Authority will finalise its arbitration of the pricing dispute between DBCT Management and users in respect of the existing user agreements once it has completed its assessment of the draft access undertaking.

# Gas

## In Brief

In accordance with the National Gas Code, the Authority is responsible for the economic regulation of the gas distribution networks owned by Allgas Energy Ltd and Envestra, the two major natural gas distribution networks in Queensland.

The aim of this regulation is to ensure that owners provide access to the infrastructure on fair and reasonable terms, avoiding unproductive duplication of such facilities while creating the potential to increase competition and improve economic outcomes.

## The Full Picture

The approved access arrangements for the natural gas distribution networks of Allgas Energy Ltd and Envestra (Qld) in December 2001 expire on 30 June 2006. The service providers are required to submit revised access arrangements in October 2005.

### *Ring-fencing*

The Authority previously approved Ring-fencing Guidelines to assist service providers with the preparation of their ring-fencing compliance reports in a manner which meets the service provider's reporting obligations under the National Gas Code (the Code). During the year, these Guidelines were revised to incorporate the requirements of the General Accounting Guidelines (established by the Authority in May 2003) and to further clarify the information required under the Code. Particular attention was given to the requirement for the service providers to demonstrate the effectiveness of their internal procedures designed to ensure compliance with the Code.

Both service providers submitted their 2002-03 Ring-fencing Compliance Reports to the Authority as required. Following an assessment of these reports, the Authority formed the view that Envestra had demonstrated compliance with its ring-fencing obligations under the Code. While Allgas Energy Ltd is yet to meet all its obligations, the Authority noted the significant progress Allgas Energy Ltd had made in the past year towards achieving compliance with the

Code and considered that Allgas Energy Ltd should be able to demonstrate full compliance in future years. As a consequence, the Authority decided not to take any further action at this time.

### *General Accounting Guidelines*

The General Accounting Guidelines require a service provider to submit a cost allocation manual to the Authority for approval. A cost allocation manual describes the method of allocating operating costs, revenue, costs associated with the use of shared assets and assets and liabilities, to the covered network when preparing regulatory accounting statements.

For 2002-03 regulatory accounting purposes, the Authority approved Allgas Energy Ltd's cost allocation manual and accepted Envestra's cost allocation manual as fulfilling its obligations under the Code.

### *Associate Contract*

Allgas Energy Ltd submitted a proposed associate contract to the Authority for approval. The proposed contract, between Allgas Energy Ltd and Energex Ltd was for the provision of operation, maintenance and management services by Energex Ltd for the Allgas Energy Ltd gas distribution network.

Following receipt of the contract, the Authority released a Discussion Paper seeking stakeholder views. The Authority decided that the proposed associate contract was unlikely to have the effect of substantially lessening, preventing or hindering competition in a market. Therefore, the Authority resolved to approve the proposed associate contract between Allgas Energy Ltd and Energex Ltd.

### *Demand Triggers*

The approved gas access arrangements require service providers to report to the Authority each year on actual demand against forecast, for the previous financial year. The Authority assesses the information provided against the demand triggers to determine whether a demand trigger has been activated.

Demand triggers in the access arrangements were not activated again this year, despite some variation from forecasts. The service providers submitted revised reference tariffs for 2004-05

early in 2004 which the Authority subsequently approved. The Authority determined that the proposed tariff schedules met the price paths and side constraints established in the approved access arrangements. Revised prices are effective from 1 July 2004.

## The Year Ahead

The General Accounting Guidelines require the service providers to prepare annual regulatory accounts. Prior to submitting their regulatory accounts in October, the service providers are required to seek approval for any revisions to their cost allocation manual.

As in past years, the service providers are also required to provide their Ring-fencing compliance reports to the Authority in October. The Ring-fencing compliance reports show how the service providers have met their responsibilities under the National Gas Code.

Once again, the Authority will review actual demand against forecast to assess whether demand triggers have been activated.

Annual reference tariff variations will be approved early in 2005. Each year, service providers must seek the Authority's approval of proposed annual tariff variations. This is to ensure that the revised tariff schedules comply with the price paths and side constraints established in the access arrangements.

The Authority has established a set of annual service quality monitoring requirements. The first set reports under these arrangements are due to be submitted to the Authority in September 2004. Information on a number of reliability of supply, customer service and background measures collected by the service providers will be reported to the Authority.

The approved access arrangements expire on 30 June 2006 and require service providers to submit revised access arrangements for approval by 1 October 2005. The Authority will commence preparatory work for the review of the access arrangements in late 2004-05.

## Electricity

### In Brief

Energex Ltd and Ergon Energy are the sole distributors of electricity in their supply areas. Since customers cannot choose an alternate supplier, prices for these services need to be regulated to ensure they are fair and reasonable. In addition, the quality of the services provided is monitored so that customers have the information to decide if they are receiving an appropriate standard of service.

### The Full Picture

The current regulatory arrangements applying the electricity distribution businesses of both Energex Ltd and Ergon Energy expire on 30 June 2005.

#### *2005 Review*

The National Electricity Code requires the Authority to give two years notice if it proposes to change the form of regulation. In June 2003, the Authority decided it would continue with the current revenue cap regulation for the next regulatory period.

The Authority released an Issues Paper setting out the key issues that needed to be considered in developing the regulatory arrangements to apply from July 2005.

The important issues of asset valuation, capital and operating expenditure forecasts and demand growth forecasts for the next regulatory period were progressed significantly during the year.

The Authority chose to prepare new Depreciated Optimised Replacement Cost asset valuations for Energex Ltd and Ergon Energy. A Discussion Paper, detailing the information requirements for the asset valuation exercise and raising a range of issues involved in the valuation process, was released.

In its previous Determination, the Authority had valued easements at historical cost but undertook to investigate this issue further. After extensive research and consultation, the Authority decided to adopt an indexed historic cost approach to the future valuation of

easements, with indexation based on movements in the Consumer Price Index.

Consultancies to review the capital and operating expenditure forecasts for both distributors, and to establish their operating efficiency levels commenced early in 2004.

Demand forecasts for the next regulatory period for both distributors were also progressed, with forecasts required for customer numbers, maximum demand (MVA) and consumption (GWh).

The Authority also considered options for including a service quality incentive scheme into the regulatory arrangements for the next period. Following considerable consultation, it was decided to implement a scheme based on a regulatory contract to be agreed as part of (and tied to) the regulatory arrangements to apply from 1 July 2005. The detail of the scheme is to be settled during the current review process. Stakeholders will have an opportunity to comment on the detail of the proposed service quality incentive scheme in responding to the 2005 Draft Determination.

### *Independent Panel Review of the Electricity Distribution System*

On 1 March 2004, the Government established an Independent Panel to examine the current state of Queensland's electricity distribution networks and their capacity to meet future needs.

The Authority participated in the review, provided submissions to the Panel and had a number of discussions with them.

### *Ring-fencing*

The distributors' 2002-03 Ring-fencing Compliance Reports were submitted to the Authority in October 2003. After consideration of the reports, the Authority found that neither distributor had satisfactorily demonstrated compliance with all aspects of the Ring-fencing Guidelines. However, given both distributors had demonstrated significant progress towards achieving compliance, the Authority decided that no further action was required at this time.

Ergon Energy applied to have its existing (and all future) grid-connected generation sites used for network support exempted from the provisions of section 1(b) of the Ring-fencing

Guidelines, on the grounds that the administrative cost of complying with this obligation would outweigh the benefit, or any likely benefit, to the public arising from meeting the obligation. The Authority decided to waive this requirement in respect of Ergon Energy's four existing generation sites but decided that any decision regarding future sites should be made as and when an application for particular identified sites.

### *Service Quality Reports*

The distributors are required to provide data on specific service quality measures, such as reliability and customer service, on a quarterly and annual basis. The Authority publishes quarterly data, with an accompanying brief overview.

In March 2004, the Authority released a report on the financial and service quality performance of Energex Ltd and Ergon Energy during 2002-03. This was the first combined financial and service quality performance report to be produced.

Both distributors experienced significant storm activity in the March quarter 2004. In addition to problems with the distribution networks themselves, those events also exposed some weaknesses in the reporting regime, particularly in relation to customer service measures when the call centre is unable to handle the volume of calls being received and the appropriate threshold for exclusion of certain events from the reported information.

### *Metrology Procedures*

To meet the requirements of the National Electricity Code, the Authority prepared an initial Metrology Procedure which establishes rules and processes to govern metering options for customers who switch retailer.

The Authority also participated in a national review of metrology procedures. The review is to identify any barriers within current arrangements which limit the uptake of efficient metering options and to consider the costs and benefits of a single, national metrology procedure. A Draft Report was released in December 2003.

### *Distribution Loss Factors*

The National Electricity Code requires that the Authority approve annual Distribution Loss Factors (DLFs) for each distributor. As part of the approval process, the Distribution Network Service Providers' (DNSPs') load flow calculations and methodologies were assessed against a number of criteria.

### *Price Approvals*

Finally, the Authority approved revised distribution prices to apply for 2004-05. The annual pricing approval process involves approving any necessary revisions to the distributors' Pricing Principles Statements, determining a revenue requirement to be targeted for pricing purposes (including necessary adjustments, for example, due to past under or over recovery of revenue) and ensuring that resulting prices are consistent with side constraints established in the Final Determination.

## The Year Ahead

Over the course of the year, the Authority will finalise the detail of the regulatory arrangements for each DNSP for the regulatory period commencing on 1 July 2005. The Authority will release a Draft Determination seeking comments from stakeholders. Of necessity, the Draft determination will be released before the full impact of the Independent Panel's recommendations are known. In this regard, the Independent Panel made some 44 recommendations, a number of which have implications for the capex and opex of the two distributors. The Draft Determination may therefore need to be revised as the implications become clearer. The Final Determination, must be in place in time for the distributors prices for 2005-06 to be approved.

In preparing the Draft Determination, the following key tasks will be finalised:

- establishing the regulatory asset bases;
- finalising demand forecasts;
- finalising capital and operating expenditure forecasts;
- determining an allowed return on capital;
- setting depreciation; and

- determining other aspects of the arrangements, including the detail of the service quality incentive regime.

Reports received from consultants on the key inputs to the next set of regulatory arrangements will be released for comment as they become available.

The Regulatory Accounts and Ring-fencing Compliance Reports provided by the distributors will be assessed along with the quarterly and annual Service Quality Reports. The Authority will again publish an assessment of the financial and service quality performance of the DNSPs based on this information.

The Authority will continue its participation in the national review of metrology procedures with a Final Report expected to be released in the first half of the year.

The Authority will participate in the implementation of the recommendations from the Independent Panel in so far as they relate to the Authority.

The Authority will also be reviewing aspects of the service quality reporting regime to establish a more appropriate threshold for exclusion of certain events from the database and the collection of complaints data within the call centres.

# Local Government

## In Brief

The Authority is responsible for reporting to government on the implementation, where appropriate, of competition reform by local government businesses, including reform of their water supply businesses.

A key element in this process has been \$150 million in funding provided by the government to local government to encourage reform.

## The Full Picture

In July 1998, the Authority was directed to annually examine and report on the implementation of competition policy reforms by local governments, and to recommend the levels of payment to local governments under the *Local Government Financial Incentive Payments Scheme* (the Scheme) over a five year period.

Under the Scheme, the State Government has allocated to local government a total of \$141.5 million (in 1994-95 terms) of the competition payments anticipated from the Commonwealth Government.

The Scheme Guidelines, the *Local Government Act 1993* and the *Local Government Finance Standard 1994* outline the desired reforms for those local governments that choose to participate. The Authority's assessment process addresses both the legislative obligations and the underlying principles of competition reform.

The competition reforms require the application of competitive neutrality and the strategic water reform framework established by the Council of Australian Governments (CoAG). Qualifying competitive neutrality reforms include: corporatisation; commercialisation; full cost pricing; or adoption of the Code of Competitive Conduct. CoAG water reform implementation requires: the application of full cost recovery and consumption based water charges; introduction of two part tariffs where cost effective; and disclosures relating to cross-subsidies between consumer classes, community service obligations, and subsidies to consumer classes.

While the 5 year scheme came to an end on 30 June 2002, the Government approved a one year extension to 30 June 2003 for those business activities where councils resolved, by 31 March 2002, to implement the reforms by 30 June 2003.

For the purposes of the review undertaken during 2003-04, the Authority's assessment was limited to the 117 councils that applied for, and were granted a one year extension by the Minister for Local Government. As a consequence, the total number of business activities under assessment decreased to 794.

As in the previous year, the Authority:

- prepared and distributed Information Returns to all councils;
- arranged regional workshops, providing councils with the opportunity to discuss the Authority's assessment process; and
- reviewed detailed returns from councils for their relevant business activities.

In addition, to assist councils in understanding the requirements of the Scheme and to further verify compliance, the Authority:

- supported the Local Government Association of Queensland in the implementation of its Business Management Assistance Program;
- continued its involvement in a range of activities such as presentations, workshops and conferences; and
- provided councils with a detailed assessment of all nominated business activities.

The Authority submitted its report and recommendations to the Government in February 2004.

Larger councils have mostly completed implementation of the necessary reforms and are generally concentrating on ongoing compliance issues. Substantial progress has been achieved by most smaller councils which continued to accelerate their implementation of competition reforms as they improved their understanding of the nature of the reforms required.

A comparison of recommended payments in the six years of the Scheme against the maximum possible allocation for each reform category for all councils is shown in the graph below.

As part of its review of councils' performance, the Authority also reviewed those councils that had produced a two-part tariff but decided not to implement a two-part tariff (see Water).

## The Year Ahead

Last year's review was the final review under the Scheme where the Authority will recommend payments to councils for competition reforms implemented over the previous twelve months.

However, Ministers have requested a report in February 2005 advising of any further progress by councils in the implementation of reforms and, in particular, of further progress by certain

smaller councils in areas such as water charging, full cost recovery and cross subsidies.

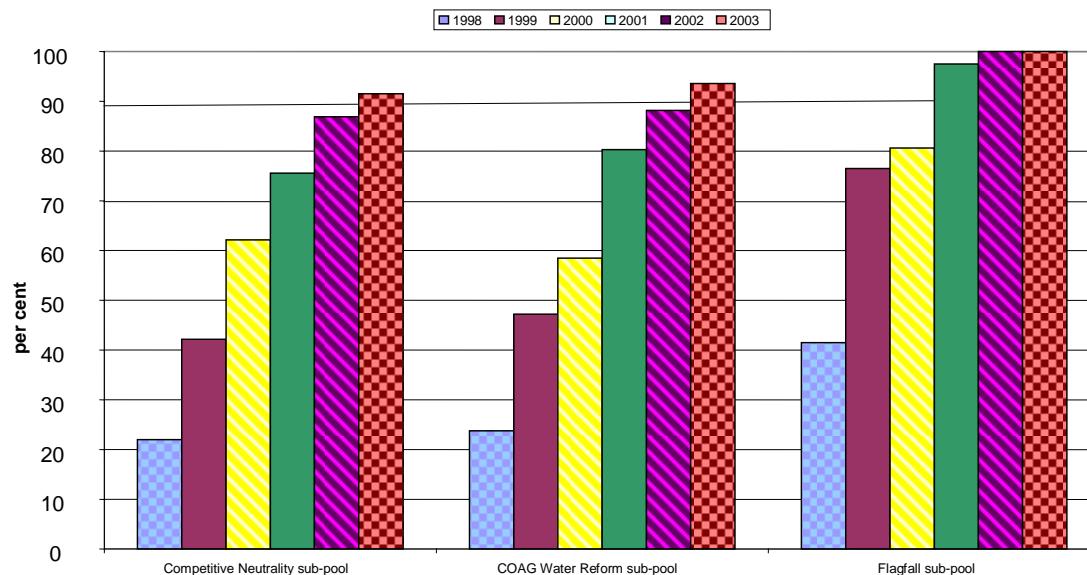
This information will assist in the preparation of the Queensland Government 2005 report to the National Competition Council.

The Scheme Guidelines also require the Authority to prepare a Supplementary Report in 2006 on the distribution of any unexpended funds, based on reforms which go beyond the requirements of the Scheme.

Relevant initiatives could relate to business unit governance and structure, business management and development and business unit performance.

Any such initiatives being undertaken by councils will also be monitored by the Authority during 2004-05 in preparation for the Supplementary Report.

### Cumulative Payment Recommendations



# Water

## In Brief

The Authority has been directed to review the pricing practices of the Gladstone Area Water Board (GAWB). GAWB is a monopoly supplier of water to major business in the Gladstone area. Water is likely to be an increasing area of responsibility for the Authority, as a result of the National Water Initiative which aims to re-invigorate the reform of water businesses in Australia.

## The Full Picture

### *Gladstone Area Water Board*

The Gladstone Area Water Board (GAWB) owns the Awoonga Dam on the Boyne River together with a network of pipelines, pump stations, reservoirs and treatment plants. It provides treated and raw water to large industrial customers and power stations and the Gladstone City and Calliope Shire Councils.

The Government declared the storage, delivery and water treatment activities of the GAWB to be government monopoly business activities, and referred related pricing practices for investigation by the Authority.

The Authority provided a Final Report *Gladstone Area Water Board: Investigation of Pricing Practices* on its investigations to the Ministers in September 2002. One recommendation was for a further investigation of pricing practices to be undertaken by the Authority as a result of the uncertainty of demand and issues related to drought management.

The Government subsequently accepted the Authority's recommendations, including the need for further review and referred the pricing practices of the declared government monopoly business activities of GAWB to the Authority for a further investigation.

To initiate the review, the Authority released an Issues Paper. Key issues on which comment was sought included the impact of the revised safe yield of Awoonga Dam and changes in demand

by prospective new customers and existing customers following the recent drought.

### *Two-Part Tariffs*

As part of the *Local Government Financial Incentive Payments Scheme* (the Scheme), the Authority has reviewed local councils' progress in implementing two-part tariffs. Progress was assessed against the Queensland Government's *Two-Part Tariff Guidelines* and consistency with the objectives of the Council of Australian Governments (CoAG) Water Reform Agreement. Under the Guidelines, councils must assess the financial costs and benefits of implementing a two-part tariff.

The Authority identified 13 councils which had produced a two-part tariff report but subsequently did not implement, or were yet to implement, a two-part tariff. A more detailed assessment of the reports and councils' reasons was undertaken.

In completing the assessments, the Authority reviewed the validity of information used and took into account non-quantifiable benefits and costs and the materiality of any net benefits identified.

The Authority found that for 9 of the 13 councils, councils' decisions not to implement a two-part tariff were consistent with CoAG objectives.

## The Year Ahead

The Authority anticipates that a Draft Report on the review of GAWB's pricing practices will be released by end December 2004. This report will focus on issues raised in submissions on the Authority's Issues Paper. These include to the form of regulation for the next regulatory period, the pricing framework and the implications of changes in demand projections and supply parameters.

A Final Report is expected to be provided to Government by March 2005, to enable sufficient time for GAWB to implement the recommended pricing practices in contracts commencing from July 2005.

The National Water Initiative (NWI) was agreed by most States and Territories (including Queensland) in June 2004 and sets out a detailed

agenda for continuing water reform through to 2010 and beyond.

There are potentially significant implications of the NWI for the Authority.

Given the importance of water prices, there is also the potential for further the Authority be directed to undertake further water pricing investigations during 2004-05.

## Extraordinary Circumstances

In 2003, the Authority was directed to identify the general pricing principles which should apply to infrastructure investments made in response to extraordinary circumstances. The direction arose as a result of severe drought conditions which affected the Gladstone Area Water Board (GAWB) but was made applicable to all regulated industries.

The Authority released an Issues Paper which canvassed a range of issues including a definition of extraordinary circumstances, governance arrangements, the role of the government and regulator, approaches to regulation and implications for pricing.

Submissions received in response to this paper were considered in the preparation of the Draft Report, which was released for further consultation.

The focus in submissions was on the appropriate approach for sharing and incorporating risk in the regulatory framework, including the implications for the form of regulation, optimisation of the asset base and return on capital.

The Authority's Final Report was provided to the Government on 30 June 2004.

## 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 twelve months ended 30 June 2004, only one led to a formal investigation. The investigation involved a complaint by Legalco Pty Ltd against CITEC, the Environmental Protection Agency (EPA) and the Office of State Revenue (OSR). Legalco alleged that EPA and OSR were unwilling to provide Legalco with online access to certain registers while at the same time allowing such access exclusively to CITEC, a declared significant business activity for the purpose of the competitive neutrality provisions of the QCA Act. The Authority found no breach of the principles of competitive neutrality had occurred.

### The Year Ahead

The Authority has no influence on the number or timing of the complaints it receives, and consequently is unable to estimate the number of investigations that can be reasonably anticipated over the coming year. Although the Authority expects to continue to receive enquiries concerning competitive neutrality matters, 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. This is unlikely to be an area of significant activity for the Authority in 2004-05.

# Rail

## In Brief

Queensland Rail (QR) must allow other train operators to use its intrastate rail infrastructure, in accordance with an access undertaking approved by the Authority in 2001.

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

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

- approved amendments to remove inconsistencies between the standard access agreements for train operators and access holders; update the network line diagrams to reflect changes to rail infrastructure; update QR's obligations to review yard control services; and to modify train scheduling practices through the development of a weekly train plan; and
- rejected an amendment which sought to dilute the information ring-fencing provisions.

The Authority also assessed applications from QR regarding reference tariffs for train services for new coal mines (Hail Creek and Moorvale) in the central Queensland coal region.

## The Full Picture

### *Existing Undertaking*

In 2003, QR conducted a review of train control functions at its Callemondah and Jilalan marshalling yards in central Queensland. The purpose of the review was to address the conflict created by the fact that third parties wishing to use the yards, had to negotiate with QR's above rail arm, their competitor, who managed the yards.

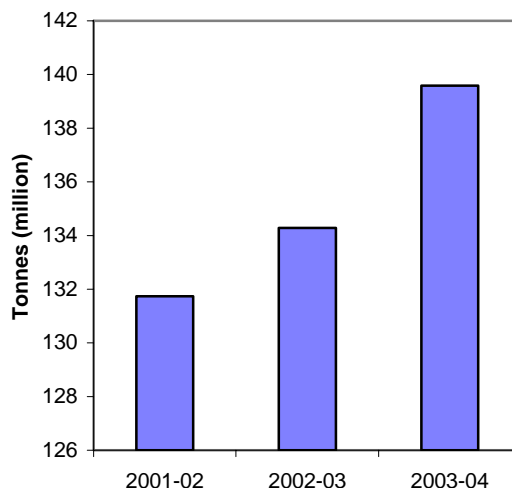
As a result of the review, QR proposed that train control functions at Callemondah be transferred to Network Access; and that train control functions at Jilalan continue to be performed by QR's above-rail staff, but now on behalf of Network Access.

The Authority endorsed the findings of the review subject to two conditions, namely that QR would: undertake a further review of the management of the Jilalan yard if the below-rail services provided at Jilalan became more significant; and ensure that the staged transfer to Network Access of all train control responsibilities between the Callemondah yard and Barney Point was completed. QR accepted the Authority's two conditions.

During the year, QR submitted a number of applications to amend existing provisions in its approved undertaking. The Authority:

The Authority approved the inclusion of Moorvale in the existing North Goonyella cluster. In the case of Hail Creek, the Authority initially rejected QR's proposed tariff on the basis that the methodology proposed for determining the common cost contribution for a new train service was not transparent, repeatable or equitable. QR subsequently proposed a revised tariff that was consistent with the Authority's requirements, which tariff was approved by the Authority.

**Central QLD Coal Region  
Coal Traffic - Net Tonnes**



### *2005 Undertaking*

In November 2003, the Authority requested that QR submit a draft access undertaking for the period commencing 1 July 2005. The undertaking is to replace QR's current access undertaking, which expires on 30 June 2005.

QR submitted the required access undertaking and subsequently submitted a number of revisions. The Authority commenced an investigation and invited submissions from interested parties. The Authority will consider these submissions before making a decision on the draft access undertaking.

## The Year Ahead

The Authority will continue to oversee access to QR's declared rail infrastructure, in accordance with the current approved undertaking.

In this regard, the Authority expects that international demand for coal will continue to drive demand for network access, as shown in the following graph showing the growth in central Queensland coal traffic. As a result, the Authority is likely to have to consider a variety of reference tariff issues.

The Authority will also continue its review of QR's 2005 access undertaking. As part of the review, the Authority will release a request for comments paper that raises a number of issues upon which the Authority seeks comments from interested parties.

The Authority will also need to review matters such as the anticipated future demand for coal, the efficiency of the coal network, the need for capacity expansion and the appropriate level of return given the risks involved. Where external advice is received, it will be shared with stakeholders for their comment.

## Legislative Provisions

The Authority's legislative responsibilities can be found in:

- The Queensland Competition Authority Act 1997
- The Local Government Act 1993
- The Electricity Act 1994
- The Electricity – National Scheme (Queensland) Act 1997
- The Gas Pipelines Access (Queensland) Act 1998
- The Gas Supply Act 2003

# Corporate Matters

## Corporate Governance

The Authority places great emphasis on operating in accordance with sound corporate governance procedures. 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 has 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.

In particular, special attention is paid to possible conflicts of interest with Members absenting themselves from all deliberations where conflicts of interest, real or perceived, may arise.

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

## Financial Position

Detailed financial statements are included in a later section of this report. The Authority's total expenditure amounted to \$6.7 million compared with \$5.6 million in the previous year. The major items of expenditure were salaries (\$3.6 million) and specialist services (\$1.6 million). Revenue for the year exceeded expenditure by some \$180,000, a margin of 2.68% on total expenditure.

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, which recover some 40% of its total costs of operation.

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.

- a) 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 |
- b) 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. To date, the Authority has not levied any fees under this category.

## Staffing Levels

The number of staff employed by the Authority as at 30 June 2004 was 36. 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 work/life balance and to that end encourages staff to take recreation leave on a regular basis.

### Staff Statistics as at 30 June 2004

	Total Staff	Male	Female	NESB <sup>a</sup>	ATSI <sup>b</sup>
Chief Executive	1	1	0	0	0
Directors	4	3	1	1	0
Technical Staff	25	19	6	0	0
Support Staff	6	2	4	0	0
<b>Total</b>	<b>36</b>	<b>25</b>	<b>11</b>	<b>1</b>	<b>0</b>
Full-time Staff	33	25	8	1	0
Part-time Staff	3	0	3	0	0
Age					
15-24	2	2	0	0	0
25-34	16	9	7	0	0
35-44	9	6	3	0	0
45+	9	8	1	1	0

(a) Non English Speaking Background

(b) Aboriginal and Torres Strait Islander

## 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. Airconditioning 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.

## Freedom of Information

The Authority is subject to the provisions of Freedom of Information (FOI) legislation. An FOI request relating to building fit-out, was received. As the request was extensive, access

## 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.

fees were applicable and the applicant chose not to proceed any further at that time.

## The Year Ahead

The corporate services division has an ongoing workload in providing the support and systems required to achieve the high standard of technical work output expected. While systems are constantly monitored and updated to maintain efficiency, 2004-05 will involve the review and further development of the following areas of operation:

- completing the implementation of a document management system;
- redesigning and upgrading the features of the web site; and
- introducing a more efficient electronic based system for the receipt of submissions and distribution of publications.

# Publications

During 2003-04, the Authority released the following publications. Printed copies of the publicly available publications are available from the Authority's office or in PDF format from the Authority's website at [www.qca.org.au](http://www.qca.org.au).

## *Publicly Available Publications*

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<i>Release Date</i>	<i>Title</i>
July 2003	Request for Comments, Dalrymple Bay Coal Terminal - Draft Access Undertaking
August 2003	Draft Procedure, Draft Queensland Electricity Supply Industry Metrology Procedure - Types 5, 6 and 7 Metering Installations
August 2003	Discussion Paper, Metrology Procedure for Metering Installation Types 5, 6 and 7
August 2003	Report, Electricity Distribution Businesses Financial Performance for the Financial Year 2001-02
August 2003	Guidelines, Electricity Distribution: Regulatory Accounting and Information Guidelines (Version 3.1)
August 2003	Guidelines for Preparing Ring-Fencing Compliance Reports Under s4.13 of the National Gas Code (Version 2.0)
August 2003	Issues Paper, General Pricing Principles for Infrastructure Investments made in response to Extraordinary Circumstances
September 2003	Issues Paper, 2005 Electricity Distribution Review
September 2003	Decision, QR's Indicative Reference Tariff Application for the Central Goonyella Cluster
October 2003	Amended Draft Procedure, Metrology Procedure for Metering Installation Types 5, 6 and 7: Explanatory Document and Amended Draft Metrology Procedure
October 2003	Annual Report, 2002-03 Annual Report
October 2003	Decision, QR's Draft Amending Access Undertaking Application - Standard Access Agreement (Operator) for Coal-Carrying Train Services
December 2003	Draft Decision, Application for Waiver of Ring-Fencing Guidelines by Ergon Energy
December 2003	Final Procedure, Queensland Electricity Supply Industry Metrology Procedure Types 5, 6 and 7 Metering Installations
January 2004	Discussion Paper, Allgas Energy Ltd/Energex Ltd Proposed Associate Contract
February 2004	Draft Decision, Service Quality Incentive Scheme for Electricity Distribution Services in Queensland
February 2004	Final Decision, Application for Waiver of Ring-fencing Arrangements by Ergon Energy
February 2004	Decision, Allgas Energy Ltd/Energex Ltd Proposed Associate Contract
February 2004	Decision, Central Goonyella Cluster - Draft Amending Access Undertaking

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<i>Release Date</i>	<i>Title</i>
February 2004	Decision, QR's Draft Amending Access Undertaking - Infrastructure, Train Planning & Control Amendments
February 2004	Decision, QR's Draft Amending Access Undertaking - Pass-Through of QCA Fees & Typographical & Other Minor Issues
February 2004	Final Report, Complaint by Legalco Pty Ltd against CITEC, the Environmental Protection Agency and the Office of State Revenue
March 2004	Final Decision, Electricity Distribution: Valuation of Easements
March 2004	Report, Electricity Distribution Businesses' Financial and Service Quality Performance 2002-03
March 2004	Draft Revised Procedure, Queensland Electricity Supply Industry Metrology Procedure Types 5, 6 and 7 Metering Installations
March 2004	Draft for Comment, General Pricing Principles for Infrastructure Investments made in response to Extraordinary Circumstances
April 2004	Final Decision, Service Quality Incentive Scheme for Electricity Distribution Services in Queensland
April 2004	Issues Paper, Gladstone Area Water Board: 2004 Investigation of Pricing Practices
May 2004	Decision, QR's Draft Amending Access Undertaking - Moorvale Train Service
June 2004	Final Revised Procedure, Queensland Electricity Supply Industry Metrology Procedure Types 5, 6 and 7 Metering Installations (Version 2.0)

*Reports to Government (not publicly available)*

<i>Release Date</i>	<i>Title</i>
September 2003	Final Report, Review of Bundaberg City Council's Public Benefit Assessment of its Water & Sewerage Business Activity
February 2004	Final, Local Gov't - Two-Part Tariff Review
February 2004	Report to Govt, Recommendations for FIPS Payment 2002-2003 Volume I
February 2004	Report to Govt, Recommendations for FIPS Payment 2002-2003 Volume II
February 2004	Report to Govt, Recommendations for FIPS Payment 2002-2003 Volume III
June 2004	Final Report, General Pricing Principles for Infrastructure Investments made in response to Extraordinary Circumstances

# Financial Statements

## Statement of Financial Performance

for year ended 30 June 2004

	Notes	2004 \$	2003 \$
<b>REVENUE FROM ORDINARY ACTIVITIES</b>			
<i>Revenue from Operating Activities</i>			
Government Grant	3	4,000,000	4,700,000
Regulatory Service Fees	3	2,690,000	1,005,416
<i>Revenue from Non-operating Activities</i>			
Interest & Miscellaneous Income	4	192,178	233,663
<b>Total Revenue from Ordinary Activities</b>		<b>6,882,178</b>	<b>5,939,079</b>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>			
Members Costs	5	209,079	224,912
Staff and Related Costs	6	3,969,924	3,648,168
Operating Costs	7	2,523,113	1,728,953
<b>Total Expenses from Ordinary Activities</b>		<b>6,702,116</b>	<b>5,602,033</b>
<b>Net Surplus/(Deficit)</b>		<b>180,062</b>	<b>337,046</b>

The accompanying notes form part of these financial statements.

# Statement of Financial Position

as at 30 June 2004

	Notes	2004 \$	2003 \$
<b>CURRENT ASSETS</b>			
Cash Assets	8	3,229,939	2,349,521
Receivables	9	66,496	297,073
Other Financial Assets	10	66,253	53,536
<b>Total current assets</b>		<b>3,362,688</b>	<b>2,700,130</b>
<b>NON CURRENT ASSETS</b>			
Property, Plant & Equipment	11	827,560	909,478
Intangible Assets	12	101,112	0
<b>Total non current assets</b>		<b>928,672</b>	<b>909,478</b>
<b>Total Assets</b>		<b>4,291,360</b>	<b>3,609,608</b>
<b>CURRENT LIABILITIES</b>			
Payables	13	887,045	340,934
Provisions	14	254,137	297,468
Other Liabilities	15	30,000	30,000
<b>Total current liabilities</b>		<b>1,171,182</b>	<b>668,402</b>
<b>NON CURRENT LIABILITIES</b>			
Provisions	14	141,500	112,590
Other Liabilities	15	78,904	108,904
<b>Total non current liabilities</b>		<b>220,404</b>	<b>221,494</b>
<b>Total Liabilities</b>		<b>1,391,586</b>	<b>889,896</b>
<b>Net Assets</b>		<b>2,899,774</b>	<b>2,719,712</b>
<b>EQUITY</b>			
Contributed Equity	16	1,579,027	1,579,027
Cumulative Surplus/(Deficit)	17	1,320,747	1,140,685
<b>Total Equity</b>		<b>2,899,774</b>	<b>2,719,712</b>

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

for the year ended 30 June 2004

	Notes	2004 \$	2003 \$
<b>CASH FLOWS FROM ORDINARY ACTIVITIES</b>			
Inflows:			
Government Grant		4,000,000	5,000,000
Regulatory Service Fees		2,914,950	714,466
Interest		159,739	106,654
Miscellaneous Income		34,644	126,440
GST collected on goods and services provided		270,779	116,567
GST refunded by ATO		210,025	215,285
		<b>7,590,137</b>	<b>6,279,412</b>
Outflows:			
Members Costs		(221,900)	(227,160)
Staff Related Expenses		(3,922,196)	(3,779,108)
Operating Costs		(1,808,997)	(1,740,752)
GST paid on acquisitions		(215,408)	(216,032)
GST paid to ATO		(270,736)	(116,542)
		<b>(6,439,237)</b>	<b>(6,079,594)</b>
<b>Net cash provided by/(used in) ordinary activities</b>	18(a)	<b>1,150,900</b>	<b>199,818</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Inflows:			
Proceeds from disposal of property, plant & equipment		8,339	8,720
Outflows:			
Property, Plant & Equipment		(189,626)	(182,527)
Intangibles		(59,195)	0
<b>Net cash provided by/(used in) investing activities</b>	18(b)	<b>(240,482)</b>	<b>(173,807)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Inflows:			
Lease Incentive		0	150,000
Outflows:			
Lease Incentive		(30,000)	(11,096)
<b>Net cash provided by/(used in) financing activities</b>	18(c)	<b>(30,000)</b>	<b>138,904</b>
<b>Net increase/(decrease) in cash held</b>		<b>880,418</b>	<b>164,915</b>
Cash at beginning of reporting period		2,349,521	2,184,606
<b>Cash &amp; Investments at end of reporting period</b>	8	<b>3,229,939</b>	<b>2,349,521</b>

The accompanying notes form part of these financial statements.

# Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2004

## 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

These financial statements are a general purpose financial report and have been prepared in accordance with the *Financial Administration and Audit Act 1977*, *Financial Management Standard 1997* and applicable Australian Accounting Standards, Urgent Issues Group Abstracts and Statements of Accounting Concepts. The statements have been prepared in accordance with the historical cost convention with the exception of non-current physical assets which are valued as outlined in Note 2(d).

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.

#### 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, entitlements, recruitment costs, staff training and other costs. These are recognised on an accrual basis and include relevant oncosts.

#### c) Leasing

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

Operating lease costs are charged to the Statement of Financial Performance in the periods in which they are incurred.

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 (cont'd)

for the year ended 30 June 2004

### d) Property, Plant & Equipment

In accordance with the Queensland State Government's policy, titled *Non-Current Asset Guidelines for the Queensland Public Sector*, the assets of the Authority are recorded at depreciated historic cost. On acquisition, assets are valued at cost including all expenses necessary to have the asset ready for use.

Items or components which form an integral part of an asset are recognised as a single asset. The asset recognition threshold has been set at \$300.

Depreciation of property, plant and equipment is calculated on a straight line basis based on estimated useful life. 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

The asset recognition threshold for Intangible assets has been set at \$300.

Amortisation of Intangibles is calculated on a straight line basis based on estimated useful life.

The following depreciation rates have been used:

Accounting Software	33%
Knowledge Management Software	33%

### f) Employee Entitlements

Liabilities for annual leave are based on current rates including related oncosts.

Non-current liabilities are recognised and measured on a present value method using the yield on Treasury Fixed Coupon Bonds.

No liabilities are recorded for non-vesting sick leave, as it is expected that the sick leave taken in future reporting periods will not be greater than entitlements which are expected to accrue in those periods. The Authority does not have any vesting sick leave.

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 on a whole-of-Government basis and reported in the Government's financial report prepared pursuant to AAS 31 – Financial Reporting by Governments.

### g) Taxation

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

### 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 employee superannuation plans are charged as an expense as the contributions are paid or become payable.

## Notes to and Forming Part of the Financial Statements (cont'd)

for the year ended 30 June 2004

### i) Receivables

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

The collectability of receivables is assessed periodically.

### 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 30 days of the end of the month in which the invoice is received.

### k) Adoption of International Financial Reporting Standards

The Financial Reporting Council has determined that all entities preparing general purpose finance statements will apply the Australian equivalents to International Financial Reporting Standards (IFRSs) for reporting periods beginning on or after 1 January 2005.

The Authority is progressively reviewing the IFRSs for possible implications on policies, procedures, systems and financial impacts arising from such change.

To date, the Authority has identified the following key difference in accounting policies which will arise from the adoption of Australian equivalents to IFRSs:

- The introduction of pending AASB 136 *Impairment of Assets* will require an annual impairment test to be performed on all non-current physical and intangible assets. This may result in a write down of the value of plant and equipment and intangible assets.

#### Note 3:

	2004	2003
<b>Revenue from Operating Activities</b>	<b>\$</b>	<b>\$</b>
Government Grant	4,000,000	4,700,000
Regulatory Service Fees	2,690,000	1,005,416
<b>Total</b>	<b>6,690,000</b>	<b>5,705,416</b>

On 30 January 2003, the Governor in Council assented to a regulation allowing the Authority to charge fees for regulatory services.

These fees have been charged from 1 February 2003.

#### Note 4:

	2004	2003
<b>Revenue from Non-Operating Activities</b>	<b>\$</b>	<b>\$</b>
Interest	160,178	106,980
Miscellaneous income	32,000	126,683
<b>Total</b>	<b>192,178</b>	<b>233,663</b>

2003 includes \$123,995 as a result of the Authority joining the State Governments Long Service Leave Central Scheme. The difference between the Authority's provision for long service leave and the amount payable to the Government on joining the Scheme has been recognised as miscellaneous income.

## Notes to and Forming Part of the Financial Statements (cont'd)

for the year ended 30 June 2004

<b>Note 5:</b>	<b>2004</b>	<b>2003</b>
<b>Members Costs</b>	<b>\$</b>	<b>\$</b>
Members Costs includes members' remuneration, travel and training.	209,079	224,912

### Members Fees

Members fees are determined by the Governor in Council.

Number of Members whose remuneration falls within the following bands:	<b>2004</b>	<b>2003</b>
\$0 - \$ 9,999	1	0
\$20,000 - \$29,999	1	0
\$30,000 - \$39,999	3	4
\$60,000 - \$69,999	1	0
\$70,000 - \$79,999	0	1

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

<b>Note 6:</b>	<b>2004</b>	<b>2003</b>
<b>Staff and Related Costs</b>	<b>\$</b>	<b>\$</b>
Salaries & related costs	3,602,918	3,300,626
Long Service Leave Central Scheme levy	48,893	43,324
Provision for employee entitlements accrued at QCA	156,853	116,576
Provision for employee entitlements assumed from prior service	2,855	7,919
Staff recruitment costs	70,459	92,326
Staff training costs	77,887	66,378
Other staff costs	10,059	21,019
<b>Total</b>	<b>3,969,924</b>	<b>3,648,168</b>

<b>Note 7:</b>	<b>2004</b>	<b>2003</b>
<b>Operating Costs</b>	<b>\$</b>	<b>\$</b>
Occupancy Costs (including operating lease rentals)	350,800	392,124
Specialist Services	1,612,282	757,301
Depreciation and Amortisation	224,829	194,380
Information Technology Costs	52,598	78,381
Travel & Accommodation Costs	35,554	67,183
Auditors remuneration	12,500	9,730
General Administration Costs	161,319	148,005
Other Costs	73,231	81,849
<b>Total</b>	<b>2,523,113</b>	<b>1,728,953</b>

### Note 8:

#### Cash Assets

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

<b>Balance</b>	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	289,453	106,152
Cash on hand	300	300
QTC Investment	2,940,186	2,243,069
<b>Total</b>	<b>3,229,939</b>	<b>2,349,521</b>

## Notes to and Forming Part of the Financial Statements (cont'd)

for the year ended 30 June 2004

<b>Note 9:</b>	<b>2004</b>	<b>2003</b>
<b>Receivables</b>	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Trade Debtors	66,080	297,073
Less: Provision for Doubtful Debts	0	0
Other Debtors	416	0
<b>Total</b>	<b>66,496</b>	<b>297,073</b>
<b>Note 10:</b>	<b>2004</b>	<b>2003</b>
<b>Other Financial Assets</b>	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Prepayments	64,974	52,697
Accrued income	1,279	839
<b>Total</b>	<b>66,253</b>	<b>53,536</b>
<b>Note 11:</b>	<b>2004</b>	<b>2003</b>
<b>Property, Plant &amp; Equipment</b>	<b>\$</b>	<b>\$</b>
Leasehold Improvements		
At cost	17,724	21,080
Less: Accumulated amortisation	(16,871)	(16,720)
	<b>853</b>	<b>4,360</b>
Office Equipment		
At cost	191,266	196,024
Less: Accumulated depreciation	(115,044)	(119,089)
	<b>76,222</b>	<b>76,935</b>
Computer Equipment		
At cost	391,931	432,554
Less: Accumulated depreciation	(247,297)	(287,111)
	<b>144,634</b>	<b>145,443</b>
Fixtures and Fittings		
At cost	1,302,595	1,256,237
Less: Accumulated depreciation	(696,744)	(573,497)
	<b>605,851</b>	<b>682,740</b>
<b>Total Property, Plant &amp; Equipment</b>	<b>827,560</b>	<b>909,478</b>

## Notes to and Forming Part of the Financial Statements (cont'd)

for the year ended 30 June 2004

### Note 11 cont'd:

#### Statement of Movement

	<i>Opening WDV 01/07/2003</i>	<i>Additions</i>	<i>Transfers</i>	<i>Disposals</i>	<i>Depreciation</i>	<i>Closing WDV 30/06/2004</i>
	\$	\$	\$	\$	\$	\$
Leasehold Improvements	4,360	0	(3,356)	0	151	853
Office Equipment	76,935	29,278		8,910	21,081	76,222
Computer Equipment	145,443	77,676		2,074	76,411	144,634
Fixture and Fittings	682,740	43,002	3,356	0	123,247	605,851
<b>Total</b>	<b>909,478</b>	<b>149,956</b>	<b>0</b>	<b>10,984</b>	<b>220,890</b>	<b>827,560</b>

### Note 12:

#### Intangible Assets

	<b>2004</b>	<b>2003</b>
	\$	\$
Intangible Assets	105,050	0
Less: Accumulated amortisation	(3,938)	0
<b>Total Intangible Assets</b>	<b>101,112</b>	<b>0</b>

### Note 13:

#### Payables

	<b>2004</b>	<b>2003</b>
	\$	\$
Audit Fees Payable	11,000	9,200
Creditors	180,258	164,228
Accrued Expenses	688,142	167,506
Other Payables	7,645	0
<b>Total</b>	<b>887,045</b>	<b>340,934</b>

### Note 14:

#### Provisions

##### Current

	<b>2004</b>	<b>2003</b>
	\$	\$
Employee entitlements	254,137	297,468

##### Non-Current

Employee entitlements	141,500	112,590
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### Note 15:

#### Other Liabilities

##### Current

	<b>2004</b>	<b>2003</b>
	\$	\$
Lease Incentive Liability	30,000	30,000

##### Non-Current

Lease Incentive Liability	78,904	108,904
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Lease incentive provided by landlord being amortised over the term of the lease.

## Notes to and Forming Part of the Financial Statements (cont'd)

for the year ended 30 June 2004

<b>Note 16:</b>	<b>2004</b>	<b>2003</b>
<b>Contributed Equity</b>	<b>\$</b>	<b>\$</b>
Establishment Grant	1,559,000	1,559,000
Contributed Assets	20,027	20,027
<b>Total</b>	<b>1,579,027</b>	<b>1,579,027</b>
<b>Note 17:</b>	<b>2004</b>	<b>2003</b>
<b>Cumulative Surplus/(Deficit)</b>	<b>\$</b>	<b>\$</b>
Cumulative Surplus/(Deficit) at beginning of reporting period	1,140,685	803,639
Net Surplus/(Deficit) for current reporting period	180,062	337,046
<b>Cumulative Surplus/(Deficit) at end of reporting period</b>	<b>1,320,747</b>	<b>1,140,685</b>
<b>Note 18:</b>	<b>2004</b>	<b>2003</b>
<b>Notes to the Statement of Cash Flows</b>	<b>\$</b>	<b>\$</b>
<b>a) Reconciliation of Operating Surplus to Net Cash Provided by/(Used in) Ordinary Activities</b>		
Operating Surplus/(Deficit)	180,062	337,046
Add Depreciation expense	224,828	194,380
Add loss on disposal of property, plant & equipment	2,645	(243)
<i>Changes in Assets and Liabilities</i>		
Decrease/(increase) in receivables	230,577	(297,073)
Decrease/(increase) in prepaid expenses and accrued income	(12,716)	286,996
Increase/(decrease) in employee entitlements	(14,422)	(111,468)
Increase/(decrease) in creditors and accruals	539,926	(209,820)
<b>Net Cash Provided by/(Used in) Ordinary Activities</b>	<b>1,150,900</b>	<b>199,818</b>
<b>b) Reconciliation of change in valuation in property, plant &amp; equipment and intangible assets to Net Cash Provided by/(Used in) Investing Activities</b>		
Acquisitions	(255,006)	(227,871)
Proceeds from disposals	8,339	8,720
<i>Changes in Assets and Liabilities</i>		
Increase/(decrease) in creditors and accruals	6,185	45,344
<b>Net Cash Provided by/(Used in) in Investing Activities</b>	<b>(240,482)</b>	<b>(173,807)</b>
<b>c) Reconciliation of change in Liabilities to Net Cash Provided by/(Used in) Financing Activities</b>		
Increase/(decrease) in lease incentive	0	150,000
Decrease/(increase) in amortisation of lease incentive	(30,000)	(11,096)
<b>Net Cash Provided by/(Used in) in Financing Activities</b>	<b>(30,000)</b>	<b>138,904</b>
<b>d)</b> For the purposes of this statement, cash includes cash at bank, cash on hand and investments. Cash at the end of the year as shown in the cash flows equals the cash and investments as disclosed in the balance sheet.		
<b>e)</b> The Authority has no unused credit, standby credit or loan facilities		

## Notes to and Forming Part of the Financial Statements (cont'd)

for the year ended 30 June 2004

### Note 19:

#### Operating Lease Commitments

The offices occupied by the Authority are subject to an operating lease which expires on 15 February 2008. Future operating lease rentals not provided for in the financial statements are payable as follows:

	2004	2003
	\$	\$
Not later than one year	378,926	365,375
Later than one year but not later than two years	394,083	378,926
Later than two years but not later than five years	674,520	1,068,603
<b>Total commitments</b>	<b>1,447,529</b>	<b>1,812,904</b>

GST of \$131,594 (\$164,810 in 2003) is included in the above amounts and is recoverable.

Lease rentals (exclusive of GST) included in the determination of the operating result.	299,986	318,827
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### Note 20:

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

### Note 21:

#### Financial Instruments

#### (a) Interest Rate Risk

Financial Assets

*Cash Assets:- Effective Interest Rates*

	2004	2003
Cash at Bank	4.25%	3.75%
Investments	5.44%	4.91%

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

Financial Liabilities

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

#### (b) Credit Risk

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

#### (c) Net Fair Value

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

### Note 22:

#### Remuneration

The superannuable salary range of the Chief Executive's remuneration (that is, the salary on which QSuper defined benefits would be calculated) fell within the band of \$180,000 - \$189,999. (\$180,000 - \$189,999 in 2003).

The superannuable salary does not include fringe benefits such as private use of a motor vehicle and employer superannuation contributions.

# Certificate of Queensland Competition Authority

This general purpose financial report 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 2004 and of the financial position of the Authority at the end of that year.

.....  
Chairperson  
Darryl D McDonough

9 September 2004

.....  
Chief Executive  
EJ Hall

9 September 2004

# Independent Audit Report

To the Board of the Queensland Competition Authority

## Scope

### The Financial Statements

The financial statements of Queensland Competition Authority consist of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the financial statements and certificates given by the Chair and officer responsible for the financial administration of Queensland Competition Authority, for the year ended 30 June 2004.

### The Board's Responsibility

The Board is responsible for the preparation and true and fair presentation of the financial statements, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial statements.

### Audit Approach

As required by law, an independent audit was conducted in accordance with *QAO Auditing Standards* to enable me to provide an independent opinion whether in all material respects the financial statements are presented fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

### Audit procedures included –

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial statements;
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Board;
- obtaining written confirmation regarding the material representations made in conjunction with the audit; and
- reviewing the overall presentation of information in the financial statements.

## Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all 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 powers are to be exercised.

The Auditor-General has for the purpose 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.

## Audit Opinion

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

- a) I have received all the information and explanations which I have required; and
- b) in my opinion –
  - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the statements have been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of Queensland Competition Authority for the financial year 1 July 2003 to 30 June 2004 and of the financial position as at the end of that year.

.....  
N P Jackson FCPA  
As Delegate of the Auditor-General of Queensland



Queensland Audit Office  
Brisbane

# Appendices

## 1. Staff List

*as at 30 June 2004*

### *Team Leaders*

Sean Andrews BBus(Eco/Fin) MBA AFAIM MLGMA ASA  
Les Godfrey BE BEcon MBA(Adv) MFM Cert IV in AWT FIEAust CPEng ASA  
Rohan Melhuish BEcon BElecEng MAppFin  
George Passmore BAgEconHons MAgEcon  
Matt Rodgers BEcon GradDipEconomics

### *Technical*

Cath Barker BA BEcon  
Michael Blake BSc(Math.Econ) BA(Hist) MPubPol PhD(Econ)  
Felicity Brown BEcon BBusMan  
Angela Colby BA BEcon MProfEcon  
Gary Davies BCom(Econ) MAppEcon  
Ralph Donnet BAgEcon GradDipFinMgt  
Mark Goulding BEcon(Hons)  
Mark Gresswell BCom  
Jennifer Harris BA(Econ/Polit.) MA(Econ) \*\*  
Ann Jones BEcon MCom(Econ)(Hons) \*\*  
Craig Lawrence BEcon MMgtEcon GradDipAppFinInv ASIA AIMM  
Dominic L'Huillier BEcon BCom(Hons)  
Daniel Madsen BEcon(Hons) GradDipAppFinInv ASIA  
Greg McLennan BCom BEc(Hons)  
Charles Millstead BA BEcon(Hons)  
Tyson Self BCom BEcon  
Paul Smith BAppSci (App Biol) #  
Daniel Spiller BBE(URP) MURP MProfEcon  
Dean Wigmore BBus(Econ) GradDipAppFinInv  
Trish Worland BA MEcon \*\*

### *Support*

Natasha Bree  
Jeannie Mitchell  
Stuart Murnain MCP  
Geoff Popple MCP #  
Sharryn Squire BBus(HRM)  
Kaye Tidmarsh BBus(Acc) CPA

\*\* *part-time*  
# *temporary appointment*

## 2. Specialist Services

Total expenditure on specialist services during 2003-04 was \$1,612,282, which was within budget.

<i>Specialist Services by Category in 2003-04</i>		<i>\$</i>
Management		4,080
Finance/Accounting		111,934
Professional/Technical		1,496,268
<i>Total</i>		<i>1,612,282</i>

<i>Specialist Services Awarded in 2003-04 by Value</i>		<i>No. of Consultants</i>
Less than \$20,000		26
\$20,001 - \$100,000		7
More than \$100,000		4
<i>Total</i>		<i>37</i>

## 3. Other Issues

### *Overseas Visits*

No overseas travel was undertaken by the Authority during 2003-04.

### *Meetings of the Authority*

Twelve meetings of the Authority were held during 2003-04.

	<i>Scheduled Meetings</i>		<i>Special Meetings</i>	
	<i>Held</i>	<i>Attended</i>	<i>Held</i>	<i>Attended</i>
Rod Wylie	2	2	0	0
Darryl McDonough	11	10	1	1
Sue Palmer	11	11	1	0
Justin Malbon	11	10	1	1
John Quiggin	11	11	1	0
Ian White	9	9	1	1

### *Details of Annual Report Production*

300 copies of this report have been printed at an average cost of \$8.91 per copy. Extra copies may be obtained from the Authority's office. A copy of this report is available in PDF format on the Authority's website at [www.qca.org.au](http://www.qca.org.au).

### *Feedback on Annual Report*

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