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HIGHLIGHTS

A REWARDING YEAR THAT BROUGHT MANY ORGANISATIONAL HIGHLIGHTS, INCLUDING OUR INAUGURAL PRODUCTIVITY REPORT AND OUR FIRST REPORT ON REDUCING RED TAPE

Productivity
- Delivered our first two productivity reports – the regulation of the coal seam gas industry and price disparities for disability aids and equipment. Page 17.
- Began a major review into industry assistance in Queensland – to ensure assistance is effective and provides an overall benefit for the community. Page 17.
- Commenced a review of regulation of Queensland aquaculture – to identify regulatory reforms to support industry growth. Page 18.

OBPR
- Published our first annual report on reducing the burden of regulation in Queensland. Page 20.
- Established a whole-of-government database to measure regulatory burden. Page 20.
- Worked closely with government agencies to minimise regulatory burden. Page 20.

Electricity
- Delivered what we expect to be our last determination for regulated retail electricity prices for south east Queensland. Page 23.
- Developed options for regulating retail electricity prices in regional Queensland. Page 23.
- Relaunched our price comparator including a full list of solar feed-in tariffs – to make it easier for south east Queensland customers to compare retailers’ market offers. Page 23.
Rail

- Released a position paper and term-sheets for a revised set of benchmark ‘standard user funding agreements’ – to enable third parties to compete for the opportunity to fund expansions to rail infrastructure in central Queensland. Page 28.
- Approved a set of ‘alternative standard access agreements’ to apply to access rights for Aurizon Network’s central Queensland coal network – providing greater flexibility to coal miners to hold and manage their own access rights. Page 28.
- Approved the system rules for Capricornia in Aurizon Network’s central Queensland coal network – to make transparent how Aurizon Network plans, schedules and controls train services and capacity on its Blackwater and Moura systems. Page 29.

Water

- Released draft recommendations for a light-handed regulatory framework for south east Queensland water retailers – to enhance the cost-effectiveness of regulatory oversight. Page 34.
- Released draft pricing principles for south east Queensland water retailers – to promote efficiency and sustainable service delivery. Page 34.

Research

- Investigated mechanisms for providing regulated companies with incentives to perform better while reducing intrusive regulation. Page 36.
- Developed an organisational-wide statement of pricing principles – to promote economic efficiency by protecting consumers from excessive prices while encouraging investments by regulated companies. Page 36.
THE QCA

Who we are

The Queensland Competition Authority (QCA) is an independent statutory authority, established in 1997 to promote competition as the basis for enhancing efficiency and growth in the Queensland economy.

What we do

Our primary role is to ensure monopoly businesses operating in Queensland, particularly in the provision of key infrastructure, do not abuse their market power through unfair pricing or restrictive access arrangements.

Following a decision by the Queensland Government in 2012, our role was expanded to include responsibilities for the state’s regulatory reform, through the establishment of the Office of Best Practice Regulation (OBPR). The OBPR supports the Queensland Government’s strategy of reducing the burden of regulation (or ‘red tape’) on business and industry by 20% by 2018.

In support of the Queensland Government’s objective to improve productivity across the state, we also provide professional advice on productivity matters.

IN FULL

Economic context

We are responsible for regulating the market behaviour of many monopoly businesses in Queensland.

In a competitive market, a business is constrained by its competitors in the prices it can charge for 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.

However, it is not always possible or sensible to have competition in the provision of essential services such as large-scale infrastructure which require significant capital investment. This is because there may only be one possible supplier (e.g. there may be only one possible site for a dam) or it may not be economic to have more than one supplier (e.g. the costs of constructing a new electricity distribution system would simply outweigh the benefits from having competing networks).

In these cases, there may be limited, if any, competitive forces to constrain the behaviour of the business, especially in the provision of energy, transport or water infrastructure.

Our role is to put in place arrangements to prevent the abuse of market power which may arise from a lack of competition.

Responsibilities

In terms of our enabling legislation, the Queensland Competition Authority Act 1997 (the QCA Act), our main responsibilities are:

Monopoly prices oversight

We use pricing and other regulatory arrangements, based on sound economic and commercial principles, to encourage monopoly businesses to operate responsibly in the absence of normal competitive market forces.

Prices oversight prevents government and non-government monopolies or near-monopolies from abusing their market power by charging excessive prices for their products or services – because they either have no competitors or existing ones are ineffective.

We may investigate the pricing practices of such monopolies or monitor their pricing practices, depending on the referral from the Ministers responsible for administering the QCA Act (at present the Treasurer and Minister for Trade).

We only perform these functions on request from the Minister.

The monopoly prices oversight powers of the QCA enable consumers to enjoy market prices, while businesses still earn a reasonable investment return – thus ensuring a beneficial outcome for all.
Third party access

Essential infrastructure that underpins economic activity should be accessible to all potential users.

We regulate third party access to essential infrastructure so as to support competition by enabling competitors (i.e. ‘third parties’) to access infrastructure which cannot be economically duplicated, such as electricity and gas distribution systems, water storage and distribution systems, rail tracks and port channels. As an example, in the Queensland rail sector, we ensure track owned by Aurizon Holdings may also be used by other transport operators. This provides customers, such as coal miners, with options regarding the haulage of their product.

By opening up access, competition is enhanced in related markets such as electricity and gas retailing and rail transport.

Competitive neutrality

The principle of competitive neutrality requires that government business activities competing in the market with non-government or private-business activities do not gain an unfair competitive advantage by virtue of being government-owned. Their potential advantage could result from being exempt from any of the following:

- Commonwealth or state taxes and tax equivalent payments
- debt guarantee fees
- the procedural or regulatory requirements of the federal, state or local governments.

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

General issues

Apart from the specific responsibilities outlined above, we have a range of general responsibilities. In particular, under section 10(e) of the QCA Act, Ministers can direct us to investigate and report on matters relating to competition, industry, productivity or best practice regulation.

Reflecting the Queensland Government’s priorities, we have increased our focus on matters relating to regulatory reform and productivity over the past 12 months.

Productivity

We conduct inquiries into productivity related matters referred to us by the Queensland Government. We provide advice on ways to improve the productivity of the Queensland economy with an aim to increase economic growth and achieve higher living standards for the Queensland community.

Office of Best Practice Regulation

Queensland has over 65,000 pages of regulation. Complying with these regulations may cost the state economy as much as $2.5 billion a year.

The Office of Best Practice Regulation (OBPR) provides a transparent process to measure and, where possible, reduce the regulatory burden. It assists government departments as they work towards their goal of reducing regulation by 20% by 2018. All departments have targets to reduce the regulatory obligations in their legislation and regulations.

Responsibilities outside the QCA Act

Our responsibilities, in addition to those under the QCA Act, include:

- setting retail electricity prices under the Electricity Act 1994 and the enforcement of customer protections under the Electricity Industry Code and the Gas Industry Code
- reviewing charges payable to bulk water suppliers for the supply of bulk water to south east Queensland distributor–retailers (under the south east Queensland Water Market Rules pursuant to the Water Act 2000)
- applying competitive neutrality principles to local government business activities under the Local Government Act 2009.

Application

In undertaking our roles, we work in the following areas:

- productivity
- electricity
- water
- rail
- ports
- gas
- competitive neutrality
- best practice regulation.
OUR BOARD

Our board comprises three members, who are appointed by the Governor in Council, in accordance with the QCA Act. In appointing members, regard is given to the collective knowledge and understanding of commerce, economics, the interests of consumers, and the interests of the Queensland Government in government agencies that conduct business activities. Board members are appointed for a term of not more than five years.

MEMBERS

CHAIRMAN
DR MALCOLM ROBERTS


Dr Roberts joined the QCA in January 2013. In recent years, Malcolm has worked in the energy sector, including as CEO of the Energy Networks Association and executive director of the National Generators Forum.

His earlier roles include policy director for the Australian National Retailers Association and chief executive (business services) at the Housing Industry Association. Malcolm began his career in Canberra in the Department of the Prime Minister and Cabinet and served as a policy adviser to three Commonwealth ministers over 10 years.

DEPUTY CHAIRMAN
DR DAVID WATSON

Reappointed from 9 April 2013 – 8 April 2016

Dr Watson is chairman of Translational Research Institute Pty Ltd and a non-executive director of the Tatts Group Ltd. He is a member of the editorial board of the Australian Accounting Review, and the board of nominations of the Accounting Hall of Fame (USA).

David is a former cabinet minister (Public Works and Housing) in the Queensland Government, and prior to that, was professor of accounting and business finance and dean of the Faculty of Commerce and Economics at the University of Queensland.

MEMBER
DR SALLY PITKIN

Reappointed from 9 August 2014 – 8 April 2016

Dr Pitkin is a lawyer and professional non-executive director. She holds board positions with a wide range of corporations in the public, private and non-profit sectors.

Sally is a former corporate partner with a leading Australian law firm, the deputy president of the Queensland Division of the Australian Institute of Company Directors, and an adjunct professor in the University of Queensland Business School.
SENIOR STAFF

CHIEF EXECUTIVE

JOHN HINDMARSH

Mr Hindmarsh commenced with the QCA in July 2014. John has over 30 years experience in finance and investment, including 12 years as the CEO of the Tasmanian Public Finance Corporation and four years as a part-time lecturer in the principles of corporate finance and financing for new ventures at the University of Auckland.

He was a member of the board of the Tasmanian Public Finance Corporation between 2002 and 2014, and the establishment board of the New Zealand Venture Investment Fund in 2001–02.

PREVIOUS CHIEF EXECUTIVE

MARK GRAY

Mr Gray left the QCA in October 2013, when he was appointed Queensland’s Under Treasurer.

During 2012–13, Mark was CEO for the Queensland Government’s Independent Commission of Audit.

Previously, he held senior executive positions in BDO and the Macquarie Group for 12 years. He has had a distinguished career in Queensland Treasury, including five years as Deputy Under Treasurer.

Mark also had earlier appointments with the Queensland Department of Primary Industries and with the Australian Government in the Industries Assistance Commission and the Australian Bureau of Statistics.

DIRECTOR – QLD RAIL & PORTS

PAUL BILYK

Mr Bilyk is responsible for our work involving Queensland Rail and the ports regulatory team. He also heads the inquiry into Queensland industry assistance.

Paul has extensive experience in the oversight of infrastructure industries, third party access and industry policy.

Before joining the QCA, he held senior positions at the Australian Competition and Consumer Commission, the Bureau of Industry Economics and the Industries Assistance Commission.

DIRECTOR – AURIZON NETWORK

TANIA HOMAN

Mrs Homan joined the QCA in February 2014 and is responsible for the team working on issues involving Aurizon Network.

Tania has extensive experience in public policy and economic regulation.

Tania joined the QCA from Queensland Treasury where she was director of the Microeconomic and Structural Reform branch. In Treasury, Tania worked on a broad range of economic policy issues including energy and water reform.

DIRECTOR – WATER

RICK STANKIEWICZ

Mr Stankiewicz has been with the QCA since its inception in 1997. Before joining the QCA, he was director of the Audit Commission Implementation Office, served as an adviser to the Commission of Audit and was a director with Queensland Treasury.

Rick has considerable experience in microeconomic reform, industry policy, economic regulation, local government and the water sector.
DIRECTOR – ENERGY
CHARLES MILLSTEED
Mr Millsteed joined the QCA as a senior officer in 2010. He has broad experience in policy analysis and economic regulation. He commenced his career at the Australian Bureau of Agricultural and Resource Economics, focusing on energy market analysis and assessing the impacts of trade, investment and climate change policies.
Since 2001, Charles has worked in energy market regulation in roles at the QCA, Ergon Energy and the Australian Energy Regulator.

DIRECTOR – OBPR
GREG BOUNDS
Mr Bounds joined the QCA in 2013 from the Regulatory Policy Division of the Organisation for Economic Cooperation and Development in Paris, France.
He has extensive international experience with the design and implementation of regulatory policy.
Greg’s former roles include managing a program of economic regulation in ports, rail and transport with the Victorian Essential Services Commission, and ensuring a whole-of-government approach to regulatory quality, and managing the RIS process for the Victorian Office of Regulation Reform.

DIRECTOR – CORPORATE SERVICES
ROBYN FARLEY-SUTTON
Mrs Farley-Sutton joined the QCA in 2007. She has considerable experience in finance, human resource management, information technology and administration.
Robyn 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 in the UK in the education, housing and financial sectors.

PREVIOUS DIRECTOR – RESEARCH
DR JOHN FALLON
Dr Fallon left the QCA in May 2014.
John started his career at the Reserve Bank of Australia and subsequently worked at the Industry Commission, Organisation for Economic Cooperation and Development, and Queensland Treasury.
He has worked as an economic consultant on a wide range of economic policy and regulatory matters advising private and public clients and international organisations.

Organisation chart as at 30 June 2014
CHAIRMAN’S INTRODUCTION

2013–14 has been a challenging transitional year for the Queensland Competition Authority.

The past twelve months has seen the QCA grow into an expanded role, combining our traditional role in economic regulation with new policy and regulatory responsibilities.

The QCA has continued to serve as Queensland’s independent economic regulator, promoting competitive markets and efficient infrastructure services. We have worked to ensure that the prices paid by Queenslanders for such essential services as electricity and water reflect prudent and efficient costs.

Across Australia, electricity prices have been a contentious issue for many years. The encouraging news for Queensland customers is that the determination for 2014–15 was the lowest price increase ever announced by the QCA. The removal of the carbon tax helped offset significant increases in wholesale energy costs, solar feed-in tariff payments and network charges.

2014–15 is likely to be the last year that the QCA sets regulated electricity prices for south east Queensland. With most customers already using market contracts and healthy competition evident, the Queensland Government has decided to replace price regulation with independent market monitoring. Removing regulation should spur greater competition in the market. With competition outside the south east weaker, the QCA will continue to set retail prices for regional Queensland.

For many years, the QCA has monitored retail prices for water in south east Queensland. Monitoring has confirmed that retailers are not misusing their monopoly power. The QCA is finalising its recommendations to government for a light-handed regulatory model which will continue effective oversight of these monopoly businesses, at a lower cost.

During 2013–14, the QCA has been immersed in the complex task of assessing access undertakings submitted by Aurizon and Queensland Rail for their coal freight networks. These networks underpin the competitiveness of one of Queensland’s most valuable commodity exports.

The QCA has continued to release thought provoking analysis into key regulatory issues as part of its research program. The QCA strives to be a leader in regulatory practice, open to finding new ways to promote efficient regulation. In our review of the cost of capital, for example, the QCA engaged widely with industry experts, businesses and academics to develop detailed contemporary positions.

Alongside our important role in economic regulation, the QCA has acquired new responsibilities in productivity analysis and regulation reform.

In 2013–14, the QCA completed its first two productivity inquiries – a report into reform of the regulations applying to the coal seam gas industry and an investigation into the pricing of medical and disability aids.

Two further inquiries were launched in 2013–14: an inquiry into regulatory reform for the aquaculture industry and an inquiry into State Government assistance to industry. The aquaculture inquiry will report in September 2014. The industry assistance report will be submitted in June 2015.

The Office of Best Practice Regulation (OBPR) released its first annual report into regulation reform. Queensland is the only jurisdiction in Australia to establish a public, quantitative benchmark to measure its progress in cutting red tape.

During 2013–14, the OBPR focused on supporting agencies to implement best practice regulation. The OBPR aims to be a trusted source of regulatory advice to agencies and, in this way, contribute to minimising the regulatory burden on Queenslanders.

Public consultation is an essential feature of QCA projects. As our role has expanded, so has our engagement with the community. This is most evident in our process for
determining electricity prices but it is also a hallmark of the QCA’s approach in all areas. Consultation with stakeholders ensures that our decisions and advice to government are well informed and tested. The QCA is grateful for the contributions to our work made by so many people across Queensland.

As always, the successes enjoyed by the QCA are only possible because of the skills and hard work of the entire team working in the Authority. It has been my great pleasure to work with outstanding colleagues at the QCA. In particular, I have been fortunate to work with my fellow Board members, Dr David Watson and Dr Sally Pitkin, who never fail to bring insight, intellectual rigour and common sense to our deliberations. While Mark Gray’s time at the QCA was cut short by his appointment as Queensland’s Under Treasurer, the Board recognises the major contribution he made in 2013 as chief executive officer. We also welcome our new chief executive officer, Mr John Hindmarsh, to the Authority.

CHAIRMAN
DR MALCOLM ROBERTS
CEO’S MESSAGE

As I write this message, I am in week seven of my time at the QCA. I am delighted to be here and I look forward to playing my part in the evolution of the QCA as it pursues the direction set for it by the Queensland Government.

I echo my predecessor’s acknowledgement of the important role the QCA has played in the Queensland economy over a long period of time. The QCA has a reputation for providing high quality, independent economic advice for the betterment of Queenslanders. Like my predecessor, I intend preserving and enhancing that reputation across not only the traditional regulatory work the QCA does, but also the productivity work we are now engaged in. As an independent advisor on matters pertaining to regulation and productivity in the Queensland economy, the QCA has an important role to play.

Over the past 12 months, the QCA has endeavoured to improve its communication with all stakeholders. As this annual report details, we released 177 reports and received 442 submissions generated from our over 40 enquiries and reviews. In addition, we held 26 public forums in locations across the state, from Brisbane to Mt Isa. These communications, covering areas as diverse as electricity prices and coal seam gas regulation, have facilitated dialogue with stakeholders that has both informed our deliberations and provided opportunities for people and organisations to question our thinking. We welcome this stakeholder involvement.

Pages four and five of this annual report highlight the work we have completed this past year. Of particular significance is the delivery of our first two productivity enquiry reports, the release of the draft recommendations for light-handed regulation for south east Queensland water retailers, and our first annual report on reducing the burden of regulation in Queensland. In addition, considerable progress was made on key issues such as the weighted average cost of capital and an organisation-wide statement of pricing principles.

Internally, we have been positioning ourselves for the additional responsibilities foreshadowed in the Queensland Government’s response to the Commission of Audit Report and the expected changes to the QCA Act. We are focused on creating a more flexible and adaptable workforce, broadening skill sets, and encouraging innovative thinking about how we deliver both our new and existing functions in what is a challenging budgetary environment. In short, we are in a state of transition and have embarked on a journey of change that will take a little time to implement and bed-down. Yet, through this time of transition, quality and independence remains, and will remain, at the forefront of what we do and how we do it.

I would like to take this opportunity to thank the QCA staff for their efforts and commitment in 2013–14. Change is often not easy, particularly when the change programme is as large and all-encompassing as the one underway at the QCA. Our people are meeting the challenge head on with integrity, hard work and good humour. Many have put in very long hours over extended periods of time during 2013–14. The programme is not yet completed, but we are committed to completing it and, in so doing, changing the QCA from being solely a regulator to a valuable contributor to the broader issues of regulation, productivity and competition in the Queensland economy.

CHIEF EXECUTIVE OFFICER

JOHN HINDMARSH
WE HAVE CONSULTED MORE BROADLY AND CONNECTED MORE WIDELY WITH STAKEHOLDERS THAN EVER BEFORE – LEADING TO BETTER ADVICE AND BETTER OUTCOMES FOR QUEENSLAND
PRODUCTIVITY

IN SUMMARY

- We provided our final reports to the Queensland Government on the regulation of the coal seam gas (CSG) industry and price disparities for disability aids and equipment:
  - The CSG report contains 39 recommendations for regulatory reform and cost recovery. We estimate that these recommendations could, in time, lead to annual savings to industry and government of around $56 million and $3.6 million respectively.
  - The report on price disparities for disability aids and equipment shows Australians generally pay higher prices for disability aids. Our recommendations focused on improving government programs, providing better consumer information and increasing supplier productivity through regulatory reform.
- We commenced a review into industry assistance in Queensland to ensure assistance is effective and provides an overall benefit to the community.
- We commenced a review into the regulation of Queensland aquaculture to recommend an approach that could facilitate expansion of the industry while maintaining environmental protection.
Our role and functions are expanding to provide more input into matters vital to the productivity of the Queensland economy. During 2013–14, we conducted two reviews and have another two underway.

Coal seam gas regulation
The coal seam gas industry (CSG) is an important part of our energy industry, which provides thousands of jobs and helps the country meet its energy needs. Efficient and effective regulation is essential for the industry to reach its full potential while taking into account the interests of other parties and the environment.

Our report contains 39 recommendations for the reduction and simplification of prescriptive and overlapping regulation between agencies. These include recommendations to:
- reduce overlap in water regulation
- develop standard ('off the shelf') conditions for CSG production activities
- remove excessive reporting requirements through the implementation of electronic waste tracking systems
- improve clarity between acts governing health and safety requirements
- set fees and charges to reflect the full efficient costs of service delivery.

We estimate these recommendations would lead to annual savings to industry and government of approximately $56 million and $3.6 million respectively.

Price disparities for disability aids and equipment
Medical aids and equipment are essential to assist people living with disability to cope with day-to-day activities and participate in the community.

Community groups have concerns regarding the costs of medical aids and equipment in Australia compared with those overseas. We conducted a review to gain more insight into these pricing disparities.

The investigation found there are significant price differences both within Australia and between Australia and overseas internet sources.

Australia is a high cost country – analysis shows general price levels, expressed in Australian currency terms, are 20% higher here than in other countries. The difference in relation to the United States is around 30%.

Explanations for these price differences include:
- For some equipment, Australian retail prices reflect the cost of trained staff, pre-sales activity, trialling and repairs under warranty that do not apply to imported products.
- Australia is a small market compared to the USA or the UK, so fixed costs must be recovered from a smaller customer base.
- Setting up and operating an import business (as opposed to one-off internet buying) is expensive.
- Red tape issues such as retail trading hour regulations and burdensome development approvals raise retailing costs.
- Meeting Australian Standards for equipment, as well as TGA certification, can be expensive.

These factors account for much of the difference between Australian and overseas prices.

The report makes a number of recommendations aimed to improve government programs, provide better consumer information and increase productivity of suppliers through regulatory reform.

Industry assistance
Industry assistance plays an important role in the Queensland economy. It can encourage investment, create employment and promote productivity.

The 2013 Queensland Commission of Audit found it difficult to identify the full range of industry assistance measures in Queensland; to accurately measure the costs to taxpayers and to determine the overall costs and benefits for the state. Our investigation will:
- identify the industry assistance measures in place, including their objectives, administration and funding
- develop an appropriate performance assessment framework and apply that framework to evaluate assistance
- propose options for reform of existing assistance measures.

We are following two lines of inquiry. The first is the development of a performance assessment framework, which includes public consultation to elicit stakeholder input. The second involves working with government agencies to obtain information on the assistance measures undertaken within their portfolio.

A final report is due 30 June 2015.
Review of Queensland aquaculture regulation

Queensland has the potential to develop a diverse and vibrant aquaculture industry. However, it is widely claimed that the full potential of this industry is not being achieved.

Our review will recommend regulatory reforms to support expansion of aquaculture in Queensland while maintaining environmental protection. The scope of the investigation includes:

- environmental, economic and social considerations
- fish health and biosecurity issues
- predictability and security for investors
- marine park considerations
- applicable Commonwealth regulations and policies
- consumer perceptions of Queensland aquaculture practices and products.

The review will propose a reformed regulatory framework that can provide certainty for investors, imposes only reasonable costs, and avoids unnecessary complexity.

The framework will take into account the high conservation value of the Great Barrier Reef, which is adjacent to Queensland’s most prospective aquaculture locations.

A final report is due 30 September 2014.

OUTLOOK

Coal seam gas regulation

The introduction of the Regional Planning Interests Act 2013, which seeks to strike a balance between protecting priority land uses and delivering a diverse and prosperous economic future for our regions, addresses some of the issues raised during the inquiry.

Along with the financial assurance framework and tenure reform, the Queensland Government is developing a regulatory performance based framework for agencies involved in CSG administration that will guide a broader reform program.

Industry assistance

We will finalise the catalogue of industry assistance measures in Queensland, and will evaluate industry assistance measures to determine whether they are effective and provide a net benefit to the Queensland community.

More information is available on our website: qca.org.au/IA

Review of Queensland aquaculture regulation

In the lead-up to the final report in 2014, we will consult with industry stakeholders and seek feedback on regulatory reform.

The draft report was published in July 2014, with the final report expected to be released on 30 September 2014.

More information is available on our website: qca.org.au/aquaculture

CASE STUDY

PRICING OF DISABILITY AIDS AND EQUIPMENT

More than 243,000 Queenslanders live with a severe or profound disability. Their quality of life often depends on having access to the right equipment at an affordable price. Consumers of medical aids and equipment have concerns retail prices charged for certain types of medical aids and equipment in Australia are substantially higher than those on overseas internet sites, even after taking into account shipping charges on the overseas items.

In order to better understand and address these concerns, we investigated pricing disparities in the medical and disability aids and equipment industry. We worked closely with the Department of Communities, Child Safety and Disability Services to identify and specifically target stakeholders for consultation. We met with a large cross section of individuals and groups representing people with disabilities, manufacturers and suppliers, and government departments across the state. As a result, we received over forty submissions from a broad spectrum of individuals and stakeholders.

Our recommendations are intended to expand the supply of products, put downward pressure on prices and help people with disabilities access government programs.
OBPR

IN SUMMARY

- We published the first annual report on reducing the burden of regulation in Queensland.
- We established a whole-of-government database to measure regulatory burden.
- We provided advice to the Queensland Government on the financial impacts of the proposed National Occupational Licensing System on the Queensland economy.
- We adopted a policy of ongoing engagement with government departments to better facilitate the development of regulatory proposals.
The Office of Best Practice Regulation (OBPR) was established in 2012. We are responsible for ensuring best practice regulation as a key initiative of the Queensland Government's strategy to reduce unnecessary regulation by 20% by 2018. OBPR has three main functions:

- review and report on regulatory proposals
- operate a complaints mechanism for regulatory matters
- undertake reviews of regulation as directed by Ministers.

Reducing the burden of regulation

Early in 2013–14, the OBPR established a whole-of-government database to measure regulatory burden. By counting the number of restrictions specified in regulation, reduction targets could be set for each department to meet.

After 12 months we published our first annual report card on how each department was tracking against their targets. The report benchmarked the performance of departments, using as proxies:

- changes in the number of regulatory requirements
- changes in the number of pages of legislation
- dollar estimates.

During the 2012–13 financial year, there was a reduction of 9,404 requirements, equivalent to 4% of the baseline count, as shown below.

Reducing the burden of regulation

Path to achieving 20% red tape reduction by 2018

Review of the regulatory impact analysis guidelines

Regulatory impact analysis (RIA) is an important element in preventing unnecessary regulation. At the request of the Treasurer and Minister for Trade, we reviewed the RIA guidelines to better align them with Cabinet and legislative processes.

A focus of the recommendations is to provide greater flexibility to decision makers – to reduce compliance costs on government agencies whilst maintaining the integrity of the framework by ensuring sufficient ‘checks and balances’ are in place.

Improved guidelines, however, are only part of the solution. We are mindful that better information and analysis improves decision making. To this end, we are dedicated to a programme of active engagement with all government agencies. We aim to gain a better understanding of their forward legislative and regulatory programs, so we can assist and advise agencies more effectively on how the RIA process can improve the development of regulatory proposals.

Assessment of regulatory proposals

2013–14 was our first full year of assessing RIA proposals. The graph below shows the total number of proposals assessed during the year, including exclusions, preliminary impact assessments (PIAs) and regulatory impact statements (RISs).

Total proposals assessed in 2013–14

Regulatory reviews

We conducted several regulatory reviews during 2013–14. These included:

- In October 2013, we provided advice to Queensland Treasury on the financial impact of the proposed National Occupational Licensing System on Queensland
- In November 2013, we assessed Toowoomba Regional Council’s application to reinstate mandatory rainwater tanks for new residential constructions.
- In November 2013, we provided informal advice to the Queensland Government on regulatory engagement, in response to a Productivity Commission report, Regulator Engagement with Small Business.
Regulatory complaints portal

2013–14 saw the launch of a regulatory complaints portal – a new service to alert government to poor regulation. Individuals, businesses and community organisations can raise their concerns about state regulation they believe is unnecessary or ineffective through the complaints form on our website: qca.org.au/mycomplaint

To date, 17 complaints have been received. Departmental responses vary due to the individual nature and complexity of complaints.

For example, one complainant raised concerns about potential duplication of screening under the Security Providers Act 1993 and the blue card system. In response, the Commission for Children and Young People and the Child Guardian has committed to ensuring the issue is considered as part of the review of the blue card system.

In most cases, the relevant department provides advice clarifying the policy. Several complaints are still under review.

OUTLOOK

In the year ahead, the OBPR will continue to assist departments with policy and regulatory development. All departments will be offered training as a means of increasing awareness of the regulation-making requirements and to improve the quality of regulatory impact analysis.

It is expected that the new RIA process will commence in late 2014. To facilitate a smooth transition for government departments, we will prepare a training programme covering the new RIA guidelines with an emphasis on easy engagement.

We will publish a series of guidance notes to assist agencies in preparing RISs. Published on our website, they will include:

- cost–benefit analysis
- RIA of a new fee or change to the level of an existing fee
- post-implementation reviews.

Requirement count

The OBPR has entered its second year of reporting on the requirements count. Our second full set of results will be available in our annual report due late 2014.

CASE STUDY

PROPOSED NATIONAL OCCUPATIONAL LICENSING SYSTEM

In response to Queensland Treasury’s request to review and report on the impacts of the proposed National Occupational Licensing System (NOLS) on Queensland, including whether it would be of net benefit to the state, we hosted four half-day consultation sessions in August 2013. These sessions were attended by a wide cross-section of industry stakeholders and regulators.

Stakeholders raised many issues relevant to their industry, both during the consultation sessions and in the 37 written submissions we received. This provided valuable contributions to our report, summarised in a separate consultation document.

The engagement process granted us a deeper understanding of the impacts of the proposed reforms. It also ensured that all outstanding issues were conveyed to decision makers in government.

Those who attended the consultation sessions appreciated that we were able to provide a detailed and independent assessment of the reforms through community engagement.
ELECTRICITY

IN SUMMARY

- We determined regulated retail electricity prices for 2014–15, following an extensive stakeholder engagement process.
- We relaunched our energy price comparator to make it easier for south east Queensland customers to compare retailers’ market offers and engage in the competitive market. We recently made further improvements to enable customers to compare retailers’ solar feed-in tariff offers.
- We advised the Queensland Government on options for regulating retail electricity prices in regional Queensland after price monitoring is introduced in south east Queensland. Options include ways to remove barriers to retail competition, while maintaining a uniform tariff policy.
- We set a regulated feed-in tariff for small scale solar PV customers in regional Queensland.
Against the backdrop of ongoing reforms in the electricity industry, we continue to advise the Queensland Government on pricing and other issues as and when required.

Retail

Since the introduction of full retail competition in 2007, electricity consumers in south east Queensland have been able to choose their electricity retailer. In regional Queensland competition is limited. Customers are supplied by Ergon Energy under a standard contract using the regulated price.

Our responsibilities in the retail market include:
- setting regulated electricity prices
- administering the Retailer of Last Resort scheme
- enforcing the Electricity Industry Code
- consulting with consumers via the Consumer Advisory Committee.

Regulated retail electricity prices

On 30 May 2014, we published the final determination of regulated retail electricity prices (notified prices) for 2014–15. This followed an extensive stakeholder engagement process across the state.

At the time of making the determination, the future of the carbon tax was uncertain. Therefore, we determined notified prices that included the carbon tax. We also produced a second set of notified prices that could apply if the carbon tax was repealed.

In 2014–15, a typical residential customer on tariff 11 would face a bill increase of 13.6% ($191) if the carbon tax remained, or 5.1% ($72) without the carbon tax.

Rising costs of wholesale energy, the solar bonus scheme and poles and wires are the biggest contributors to the increase.

We maintained transitional measures for customers on nine transitional and obsolete tariffs, as many would face large price increases if they were immediately moved to cost-reflective tariffs.

Price increases for these tariffs would have been between 15% and 18% if the carbon tax remained and 10% without the carbon tax.

Directions for information or advice

The Minister for Energy and Water Supply can direct us to provide information or advice on electricity-related matters. During 2013–14, we were requested to provide advice on three matters:
- the uniform tariff policy and regional electricity price regulation
- an estimate of how much the carbon tax and Renewable Energy Target will contribute to the annual electricity bill of a typical household in 2014–15
- a feed-in tariff (FiT) for small-scale solar PV owners in regional Queensland for 2014–15.

These reports are available on our website: qca.org.au/electricity

Regional solar feed-in tariff

Following our earlier advice, we were directed to determine a feed-in tariff (FiT) for small-scale solar PV owners in regional Queensland for 2014–15.

We determined a FiT of 9.07 cents per kWh, if the carbon tax remained, and 6.53 cents per kWh without the carbon tax.

Consumer Advisory Committee

A Consumer Advisory Committee advises us on consumer issues. The Committee includes representatives of major community and business groups.

Minutes are available on our website: qca.org.au/CAC

Amendments to the Electricity Code

Along with our more public role in setting regulated electricity prices, we administer and enforce the Electricity Industry Code – the framework for the functioning of Queensland’s retail market.

To ensure consumers’ rights are protected, retailers must adhere to the Electricity Code, which places a number of obligations on their behaviour. Such obligations include:
- marketing conduct
- the type of information retailers are obliged to give to consumers
- minimum contract terms and conditions.

CASE STUDY

RELAUNCH OF THE ENERGY PRICE COMPARATOR

In July 2013, we relaunched our energy price comparator. Designed to be more user-friendly, it includes a wider range of information on electricity and gas offers in south east Queensland. This helps customers compare offers and identify the best deal for them. We expect that the price comparator will become an even more important tool for customers to engage in the competitive market following the expected deregulation of retail prices in south east Queensland in mid-2015.

Further enhancements were launched later in the year, to enable PV customers to compare retailers’ solar feed-in tariff rates in the south east.

The comparator is free to use and available on our website: qca.org.au/compare
In 2013–14, the Electricity Code was amended to require retailers to provide solar FiT information on price fact sheets and for the QCA to include tariffs on the price comparator.

The Electricity Code was further amended to require retailers to notify customers when their fixed-term benefit periods were about to expire.

These amendments took effect on 25 July 2014.

**Performance monitoring**

Under the Electricity Code, retailers must provide quarterly reports on the number of small-customer disconnections and complaints, and the number of small and large customers on market and non-market contracts.

This information is available on our website: [qca.org.au/market](http://qca.org.au/market)

**Enforcement issues**

To ensure compliance with the Electricity Code, we may take enforcement action for material contraventions, ranging from sending informal letters to retailers reminding them of their obligations through to issuing warning notices, code contravention notices and pursuing civil penalties in the Supreme Court.

We considered a number of code contraventions by retailers during the year. As retailers took effective remedial action to address these contraventions, it was not necessary for the QCA to issue warning notices or otherwise apply penalties.

**Distribution**

The Australian Energy Regulator assumed the role of overseeing most of the regulatory arrangements for Energex and Ergon Energy (Ergon) in 2010.

However, we retain responsibility for some distribution-related functions, including performance monitoring and Ergon’s minimalist transitioning approach.

**Amendments to the Electricity Code**

In 2013–14, the Electricity Code was amended to:

- allow distributors to disconnect premises using a meter switch seal in certain circumstances and require distributors to compensate retailers for unbilled energy
- remove provisions relating to minimum service standards (MSS), meaning we will have no role in monitoring distributors’ performance against the MSS from 1 July 2014.

**Performance monitoring**

We monitor the performance of the distributors against their MSS and the payments made to customers for failing to meet their guaranteed service levels (GSL).

The distributors provide quarterly performance reports, which we make available on our website. We also publish an annual assessment of performance.

From 1 July 2014, we will no longer have a role in monitoring performance against the MSS.

**Enforcement issues**

The enforcement action we can take against distributors for contravening the Electricity Code is similar to the action we can take against retailers.

We were not required to take any action for non-compliance by distributors in 2013–14.

**Minimalist transitioning approach**

Ergon Energy operates under a minimalist transitioning approach (MTA) that allows it more time to process customer transfer information requests from retailers. This allows Ergon to use a manual system instead of a more expensive automated system while competition in regional Queensland remains weak.

The Electricity Code requires us to review annually whether the MTA should continue. The 2014 review was ongoing as at 30 June 2014.
OUTLOOK

Retail
The Queensland Government has introduced legislation to remove retail price regulation in south east Queensland and to implement the National Energy Customer Framework (NECF). These reforms are expected to be implemented by mid-2015 and will have a significant impact on our involvement in retail market regulation.

When price regulation is removed, it is expected that we will move to a market monitoring role. However, we will continue to set notified prices for customers in regional Queensland.

The implementation of the NECF is expected to significantly reduce our involvement in other aspects of retail market regulation. Until then, we will continue to:
- oversee retailer reporting requirements under the Electricity Code
- monitor and (if necessary) enforce retailer compliance with the Electricity Code
- maintain the retail energy price comparator.

Distribution
Under the Electricity Code, we will continue to monitor the distributors’ performance against the guaranteed service levels.

From 1 July 2014, we will no longer monitor distributors’ performance against the minimum service standards.
RAIL

IN SUMMARY

- We are assessing Aurizon Network’s proposed 2013 Draft Access Undertaking (UT4), which will be finalised and approved in 2014–15.
- We released a position paper and term-sheets for a revised benchmark standard user funding agreement (SUFA). The SUFA will facilitate competition in financing investments in expanding rail infrastructure in central Queensland, by enabling third parties, including coal miners, to invest directly.
- We approved a set of alternative standard access agreements (SAAs) to apply to access rights for Aurizon Network’s central Queensland coal network. The alternative SAAs give greater flexibility to coal miners in holding and managing their own access rights, thereby facilitating competition and enabling productivity improvements.
- We approved the system rules for Capricornia in Aurizon Network’s central Queensland coal network. The system rules specify the way Aurizon Network will plan, schedule and control train services and capacity on its Blackwater and Moura systems. The system rules enhance competition and improve efficiency by providing greater transparency and certainty to stakeholders.
Since 2010, the rail networks in Queensland have been operated by two companies – Aurizon Holdings Limited and Queensland Rail.

Aurizon Holdings is a publicly listed company that operates a rail freight business and, through its wholly owned subsidiary Aurizon Network, the coal network in central Queensland.

Queensland Rail is a statutory authority that operates the state’s passenger trains and the rail network outside central Queensland.

Both companies must allow third party train operators to use their networks in accordance with Part 5 of the QCA Act.

We regulate access to support competition by enabling third parties to access essential infrastructure that cannot be economically duplicated, including below-rail (track) infrastructure. An access undertaking sets out the general terms and conditions for access to this infrastructure.

We are considering draft access undertakings from both Aurizon Network and Queensland Rail to replace their existing undertakings.

Aurizon Network

The process for gaining access to Aurizon Network’s network is governed by the 2010 Access Undertaking, approved by the QCA in October 2010.

The undertaking applies to the five rail systems that comprise the central Queensland coal network (Moura, Blackwater, Goonyella, Newlands and Goonyella to Abbot Point (GAP). See below.

Aurizon Network’s 2010 Access Undertaking is scheduled to be replaced by the 2013 Draft Access Undertaking in June 2015.

2013 Draft Access Undertaking

A key focus in 2013–14 has been the assessment of Aurizon Network’s 2013 Draft Access Undertaking (UT4) which was voluntarily submitted by Aurizon Network in April 2013.

Given the complexity of the draft (some 3000 pages), and the wish of parties to discuss and negotiate key elements of the content, we granted an extended consultation period.

In August 2013, to help stakeholders with preparation of submissions, we released a consultation paper on UT4. We also provided for further consultation on particular elements of the proposal, including:

- publication of, and call for submissions on, our expert reports on the weighted average cost of capital (WACC)
- hosting a WACC Forum in December 2013
- publication of, and call for submissions on, our consultants’ reports on proposed operating and maintenance costs.

Thirty-five submissions were received. We are conducting a full assessment of Aurizon Network’s proposal and the issues raised in the submissions.

By the end of 2014, we aim to release a draft decision on UT4.


A copy of the draft undertaking can be found on our website: qca.org.au/2014-DAU
The 2010 Access Undertaking (UT3) applies to Aurizon Network until the approval of UT4. When we approved UT3, a number of matters had not been fully resolved, including:

- the standard user funding agreement
- alternative standard access agreements
- system rules.

We continue to work collaboratively with stakeholders to finalise these matters. The undertaking provides for a number of annual approval processes, including the approval of revenue cap adjustments and prudency of capital expenditure, as well as ad hoc approval processes, such as defined review and endorsed variation events.

In addition, the undertaking can be varied from time to time, through provision by Aurizon Network of draft amending access undertakings (DAAUs) subject to our approval. We considered and approved a number of DAAUs in 2013–14.

UT3 was originally scheduled to terminate on 30 June 2013. Because of delays in approving UT4, this was extended to 30 June 2014, by our May 2013 approval of an extension DAAU.

On 7 April 2014, Aurizon Network submitted a DAAU (the April 2014 extension DAAU) proposing to extend the terminating date of UT3 to 30 June 2015, or the date on which the undertaking is withdrawn in accordance with the QCA Act, and to establish transitional reference tariffs for 2014–15.

On 21 May 2014, we made a final decision not to approve the extension. In our decision, we requested an amendment to the DAAU to remove $21.3 million (related to the 2013 flood review event claim in the Blackwater and Moura systems) from the maximum allowable revenues (MAR) to be used to determine transitional reference tariffs for 2014–15. This was because the flood claim was subject to a separate approval process, which had not yet been concluded.

On 23 May 2014, Aurizon Network submitted an amended DAAU (the May 2014 extension DAAU), which excluded the 2013 flood review event claim. On 12 June 2014, we approved the May 2014 extension DAAU. Aurizon Network’s UT3 is now scheduled to terminate on 30 June 2015, or the date on which it is withdrawn in accordance with the QCA Act.

As part of our final decision on UT3, we required Aurizon Network to submit a proposed standard user funding agreement (SUFA). SUFA is designed to facilitate alternative options to funding by Aurizon Network of expansions of the rail infrastructure in central Queensland — in particular, by enabling coal miners and other parties to invest directly in rail infrastructure.

While Aurizon Network submitted an initial version of SUFA in December 2010, all parties considered it unworkable. A number of subsequent iterations of the model have since been developed between Aurizon Network and the coal industry. On 22 July 2013, Aurizon Network submitted its latest version of SUFA to us (by way of the 2013 SUFA DAAU).

Aurizon Network and the coal industry have put considerable effort into developing the various SUFA model iterations. Nonetheless, a number of significant issues remain unresolved. We have been working collaboratively with Aurizon Network and the coal industry to work through these issues.

On 22 May 2014, we released a position paper and term-sheets for a revised set of benchmark SUFA agreements. These documents outline measures to facilitate the development of a credible and practical SUFA framework that we consider to be capable of attracting alternative third-party financing options.

Following release of the position paper, we continued our work with Aurizon Network and industry on drafting these agreements. We anticipate releasing a draft decision on SUFA in September 2014, with a final decision by the end of 2014.

We believe finalising a workable SUFA will facilitate timely and efficient investment in coal rail infrastructure, both by enabling outside parties to invest themselves, and by limiting Aurizon Network’s ability to demand excessive returns for future investments in rail infrastructure.

As part of our final decision on UT3, we required Aurizon Network to develop a set of proposed alternative standard access agreements (SAAs) for approval.

The alternative SAAs are intended to give greater flexibility to coal miners in managing their own access rights, without having to be responsible for train operation matters. They seek to do this via a split contracting structure, whereby Aurizon Network would separately contract with miners and train operators for access rights and operational matters respectively.
In April 2013, we released a final decision not to approve Aurizon Network’s original alternative SAAs. Amendments were required to:

- provide a contract structure enabling end-users to contract with Aurizon Network for access rights without bearing liability for operational issues
- balance the interests of all parties, by appropriately allocating responsibilities and risk between parties
- promote effective competition, by giving end-users greater flexibility in managing their access rights and so create competitive tension between train operators.

Aurizon Network submitted a revised alternative SAAs proposal on 5 June 2013. This did not comply with our final decision and its required amendments. We published our own proposed alternative SAAs and sought comments from stakeholders.

Our proposed alternative SAAs were subsequently amended to incorporate one additional issue raised by a stakeholder. This was to allow end-users greater flexibility in contracting, making it possible for multiple end-users to be linked to a single train operations agreement if they choose to do so.

Our amended alternative SAAs were approved on 1 August 2013, and are applicable from that date.

System rules

As part of our final decision on UT3, we required Aurizon Network to develop, and submit to us, system rules for each coal system in central Queensland.

System rules are intended to complement the network management principles contained in the access undertaking, by specifying the way Aurizon Network will plan, schedule and control the operation of train services, and demonstrate capacity, on a given system.

In 2011, Aurizon Network submitted an initial set of proposed Capricornia system rules, to cover both the Blackwater and Moura systems in the southern Bowen Basin.

In April 2013, we released a draft decision not to approve Aurizon Network’s proposed rules. We also requested amendments be made to key aspects of the rules.

Aurizon Network subsequently submitted a revised set of rules. These did not satisfactorily deal with all matters. On 27 February 2014, we made a final decision not to approve the proposed rules and identified several matters requiring further work.

Aurizon Network submitted a revised proposal, addressing the reasons for the refusal to approve. We were satisfied that the resubmitted proposal was consistent with our requirements and, on 21 May 2014, we approved the resubmitted Capricornia system rules, which took effect from that date.

Separately, on 5 August 2013, Aurizon Network submitted a set of proposed Northern Bowen Basin system rules, to cover the Goonyella, Newlands and Goonyella to Abbot Point (GAP) systems. These were published on our website with an invitation for stakeholder submissions. Seven submissions were received. We anticipate releasing a decision on this proposal in 2014-15.

Condition based assessment

As part of our final decision on UT3, we required Aurizon Network to undertake condition based assessments of its rail infrastructure, as part of its reporting requirements.

An initial assessment was completed and released in August 2013.

An approved condition based assessment would establish a baseline for the condition of the network, which could then be tracked over time through subsequent assessments.

The initial assessment was conducted by Evans & Peck and overseen by an Assessment Liaison Group, which consisted of representatives from QCA, Aurizon Network and Evans & Peck.

The initial assessment found that Aurizon Network’s central Queensland coal network generally performed, and was maintained, in a manner consistent with operational key performance indicators.

While overall the report was positive regarding Aurizon Network’s operation and maintenance of its coal network, it identified some issues that require monitoring and further consideration in future assessments.

Electric infrastructure tariff

In late 2011, Aurizon Network submitted a DAAU to encourage the use of electric traction instead of diesel traction on its Blackwater system.

In July 2012, we made a draft decision not to approve the DAAU.

In April 2013, Aurizon Network submitted a further DAAU that proposed to:

- establish a fixed Blackwater electric infrastructure tariff, estimated on the basis of an eight-year, rather than four-year, smoothing period
- provide for levying of an under-utilisation fee at the end of an undertaking period, to recoup any under-recovered electric revenues (due to lower than forecast volumes) from all Blackwater system users (electric and diesel).
On 10 July 2013, we released a report by our consultant (Energy Economics) on the volume forecasts Aurizon Network had used in its DAAU. The report suggests future volumes are likely to be significantly less than Aurizon Network’s forecasts. After inviting stakeholder feedback on the report, three submissions were received.

Subsequently, on 22 November 2013, we made a draft decision not to approve the DAAU.

Our draft decision found that the proposed tariff mechanism made it likely other users (i.e. Blackwater non-electric users) would contribute to recovering the Blackwater electric infrastructure costs, and the contribution would be material – in the order of $130 million over the eight-year period.

We were concerned a material and likely levy would not promote competition and could be seen to underwrite unwanted future capital projects, thereby distorting incentives for efficient future investment in rail infrastructure.

On 13 January 2014, Aurizon Network withdrew its DAAU.

Goonyella to Abbott Point Expansion DAAU

On 26 September 2013, we approved a DAAU from Aurizon Network relating to the Goonyella to Abbot Point Expansion (GAPE).

The DAAU amended Aurizon Network’s UT3 to establish a new coal system (the GAP system) within Aurizon Network’s central Queensland coal network. The DAAU established a reference tariff for train services using the new system, based on the cost of new infrastructure linking the Goonyella and Newlands systems, as well as enhancements of existing infrastructure to allow for additional GAP system tonnages.

We approved a reference tariff of $9.48 per net tonne to apply from 1 January 2012 (corresponding to the date contracted train service entitlements commenced using the GAP system). At the same time, we approved a transitional reference tariff of $6.80 per net tonne to apply in 2013–14, which took into account additional volumes expected to eventuate following the initial ramp-up period.

Our approval of the DAAU followed a lengthy consultation and assessment process. Aurizon Network had submitted its first GAPE DAAU in September 2012, and subsequently submitted revised versions in April and June 2013, that sought to address stakeholder concerns. In all, 21 submissions were received over the course of our consideration of the GAPE proposals.

Capital expenditure

Aurizon Network’s UT3 provides for us to assess the prudency of the capital expenditure undertaken in each year. Once approved, the capital expenditure can be included in Aurizon Network’s regulated asset base (RAB).

In 2013–14, we considered capital expenditure claims for 2011–12 and 2012–13.

2011–12 capital expenditure claim

Aurizon Network’s 2011–12 capital expenditure claim was the largest to date (approximately $1.3 billion) and included:

- the GAPE project (valued at $1.03 billion)
- four new electric feeder stations in the Blackwater system ($184.6 million)
- a large number of smaller projects, mainly asset renewals.

We engaged engineering and accountancy consultants to assist in reviewing the prudency of the capital expenditure claim. Both consultants conducted detailed assessments. Both recommended it be considered prudent.

Given the size and nature of the claim we made a draft decision to approve it on 22 August 2013, and then sought stakeholder comments. No submissions were received and, on 10 October 2013, we made a final decision to approve the 2011–12 capital expenditure claim.

2012–13 capital expenditure claim

Aurizon Network’s 2012–13 capital expenditure claim was significantly smaller and less complex. Again, we engaged engineering and accountancy consultants to assist in reviewing the claim. In this case, the consultants raised some concerns with elements of the claim. Aurizon Network subsequently resubmitted an amended claim that dealt with those concerns.

On 21 May 2014, we made a final decision to approve Aurizon Network’s amended 2012–13 capital expenditure claim, valued at $226.4 million.

Flood review event

Aurizon Network sought approval from us for the pass-through of the costs ($18.6 million – $21.3 million with escalation) associated with flooding in central Queensland in January 2013. We published Aurizon Network’s application and received five submissions from stakeholders.

On 21 May 2014, we made a draft decision not to approve the application. We considered it reasonable to exclude Aurizon Network’s claim of $2.54 million for ordinary labour costs from the application, as we
were not satisfied they represented incremental costs. We considered this amount had already been provided in cost allowances determined as part of the approval of UT3.

We published the draft decision and sought feedback from stakeholders.

In July 2014, we made a final decision that was consistent with the draft decision.

**Middlemount to Dalrymple Bay Coal Terminal reference tariffs**

On 11 April 2014, Aurizon Network submitted an application proposing new reference tariffs for the train service between the Middlemount mine and the Dalrymple Bay Coal Terminal (DBCT).

The proposed tariffs were to apply for the 2011–12, 2012–13 and 2013–14 years. The tariffs provided a discount to the Goonyella system reference tariffs, in order to recognise that Middlemount had funded and owned its own private infrastructure.

We published the application and received four stakeholder submissions.

On 18 June 2014, we made a final decision to approve Aurizon Network’s application. Our decision was based on our finding that:

- Aurizon Network had developed its proposal in accordance with the relevant provisions of UT3
- Aurizon Network negotiated in good faith with Middlemount and its train operator (Asciano) to provide a fair outcome
- the proposal benefited the parties involved, without significantly impacting on existing access holders’ rights and entitlements
- we were satisfied the proposed discounts to the Goonyella system reference tariffs had been accurately calculated.

**Revenue cap adjustment**

On 27 September 2013, Aurizon Network submitted its proposed 2012–13 revenue cap adjustment application.

In its application, Aurizon Network sought a net increase of $39.1 million in 2014–15 revenues to account for a $10.9 million under-recovery in electric revenues, and a $28.2 million under-recovery in non-electric revenues, from the 2012–13 financial year.

We published Aurizon Network’s application and invited stakeholder feedback. We received three submissions.

On 27 February 2014, we made a final decision to approve Aurizon Network’s 2012–13 revenue cap adjustment application. This approval will result in a net upwards variation in finalised reference tariffs for 2014–15 in the Blackwater (electric and non-electric) and GAP (non-electric) systems, and net returns to access holders for the Goonyella (electric), Moura (non-electric) and Newlands (non-electric) systems.

**Regulatory audits**

Aurizon Network’s UT3 requires that an annual audit be conducted of compliance with the undertaking’s ring-fencing obligations, specifically with regard to management of confidential information, decision making, complaint handling and other matters identified by us. UT3 also requires an annual audit of Aurizon Network’s regulatory financial statements.

The 2012–13 regulatory audits were conducted by the regulatory auditor (Ernst and Young) between September 2013 and January 2014. The audits were overseen by an Audit Liaison Group consisting of representatives from QCA, Aurizon Network and Ernst and Young.

For the 2012–13 regulatory audits, Ernst and Young formed the opinion that Aurizon Network had complied in all material respects with the requirements of UT3 for the compliance audit, and provided an unqualified opinion for the financial audit.

Detailed versions of the Ernst and Young regulatory audit reports for 2012–13 have been made available to stakeholders, upon signing of a reliance letter.

**Endorsed variation events**

In June and July of 2013, Aurizon Network submitted two endorsed variation events. These applications were submitted in accordance with Aurizon Network’s UT3, and relate to a:

- proposed change to the electric charge tariff for the central Queensland coal region, arising from an increase in prices charged by an electricity retailer
- change to the QCA levy, associated with a variation in our fees.

We assessed the two endorsed variation event applications and were satisfied that they met the definition of an endorsed variation event contained in UT3 and included correctly calculated variations to the reference tariffs for central Queensland.

As a consequence, on 23 August 2013, we approved both applications.
Queensland Rail

Queensland Rail is a statutory authority that provides passenger train services and operates the rail network in south east Queensland, the western system, and the Mount Isa and north coast lines. Therefore, while Queensland Rail is vertically integrated, the vertical integration is only in respect to its passenger services.

The process for gaining access to Queensland Rail’s below-rail network is governed by the 2008 Access Undertaking. This was amended in June 2010 to include new tariffs for the Western Systems coal train services and approved by the QCA in October 2010. The 2008 Access Undertaking is scheduled to terminate on 31 December 2014.

The undertaking is under the terms of the Queensland Government’s June 2010 transfer notice, which amended the QCA Act.

Queensland Rail set out to develop, and negotiate with its customers, a revised undertaking to replace the existing undertaking. A key focus for the QCA in 2013–14 has been the assessment of Queensland Rail’s 2013 Draft Access Undertaking. The most recent DAU was submitted on 28 June 2013, and includes for the first time proposed reference tariffs for western system coal services that had been omitted from two earlier proposals.

In June 2014, we published a consultation paper on options for the western system coal tariff. We are working towards completing our assessment of the June 2013 DAU by the end of 2014.

OUTLOOK

Aurizon Network

Our focus will be on finalising Aurizon Network’s proposed UT4. We share the desire of all stakeholders to see a finalised and approved UT4 in place and operable as soon as possible. By the end of 2014, we expect to release a draft decision, with a finalised UT4 by the end of 2014–15.

The approval will require continued coordinated active engagement and compromise by all stakeholders.

We will continue to address a number of other Aurizon Network matters, including:

- developing a workable SUFA
- assessing Aurizon Network’s next (2013–14) capital expenditure claim
- implementing system rules for the Northern Bowen Basin
- conducting regulatory audits for 2013–14
- assessing endorsed variation and review event applications.

More information is available on our website: qca.org.au/2014-DAU

Queensland Rail

In the year ahead, we will finalise our assessment of the 2013 DAU that will replace the existing undertaking.
WATER

IN SUMMARY

- Ministers accepted our recommendations relating to Seqwater’s irrigation pricing, to promote productivity and water trading, and to save irrigators over $1.1 million in 2013–14.
- We identified $134 million in cost savings for south east Queensland water retailers in 2013–15.
- We released draft recommendations relating to a light-handed regulatory framework for south east Queensland water retailers, to enhance the cost-effectiveness of regulatory oversight.
- We released draft pricing principles for south east Queensland water retailers, to promote efficiency and sustainable service delivery.
A lack of competition in the supply of essential services can result in unnecessarily high prices and lower quality of service, and can impede innovation. The QCA’s role is to ensure monopoly providers cannot exercise their market power by spending or charging more than they should for the efficient and sustainable delivery of services.

Of the 162 water service providers in Queensland, we monitor the water and wastewater activities of eight (Queensland Urban Utilities, Unitywater, Logan City Council, Redland City Council, Gold Coast City Council, Seqwater, SunWater, and Gladstone Area Water Board).

Retail Monitoring of south east Queensland water retailers

In 2013–14, for the five south east Queensland retailers (Unitywater, QUU, Logan Water, Redland Water and Gold Coast Water) we monitored:

- water and sewerage prices for 2013–14
- costs and revenues for the distribution and retail water activities for 2013–15

Despite significant increases in prices, we found no evidence of an exercise of monopoly power for Unitywater, QUU, Logan Water and Gold Coast Water in 2013–15. Their aggregate revenues were found to lie below our estimates of their prudent and efficient costs.

With regards to Redland Water, we had concerns with their approach and modelling that remain unresolved. As a result, we were unable to establish whether they were exercising their monopoly power.

We maintain our view that the transparency provided by price monitoring contributes to an environment that constrains the retailers from exercising their market power. Further focus on reducing the costs of service delivery to customers is maintained.

In our March 2014 report, we concluded that overall, costs could be reduced by $134 million across 2013–15.

Long-term regulatory framework and pricing principles – south east Queensland distributor-retailers

In June 2013, we commenced a review to develop a long-term regulatory framework for the water and sewerage activities of the five south east Queensland retailers. Our investigation will:

- set out the form of regulation, pricing principles (including for water, sewerage, trade waste, recycled water and stormwater services), reporting arrangements for service quality performance, and the treatment of certain regulatory parameters
- assist businesses with developing a strategic approach to long-term investment and to transition towards best practice stakeholder engagement.

As at 30 June 2014, we have released a number of reports and papers for stakeholder feedback. These include:

- a position paper proposing a light-handed annual performance monitoring framework (February 2014)
- a pricing principles position paper (March 2014)
- draft assessments on whether retailers should transition to annual performance monitoring (May 2014)
- a technical paper addressing implementation issues relating to the consumer price index (CPI) and the X-factor to apply to each retailer, the mechanisms for managing under- and over-recovery, and information requirements (June 2014).

It was recommended that we report each year on the retailers’ performance against the elements of the recommended regulatory framework. Such a framework was considered to be less intrusive and to incur lower regulatory costs for retailers.

The draft assessments concluded that QUU, Unitywater, Gold Coast Water and Logan Water should transition to annual performance monitoring. Redland Water was required to provide more information about its pricing model and 2014–15 prices for further assessment.
Irrigation prices for SunWater schemes

Our recommended irrigation prices, to apply to 22 SunWater bulk water supply schemes (WSS) and eight distribution systems from 1 July 2012 to 30 June 2017 (a five-year price path), were accepted by the Ministers on 30 June 2012. In accepting our recommendations, the Ministers required SunWater to develop an implementation plan on ways to consider recommended pricing practices – in consultation with the QCA and peak irrigation bodies. As part of this implementation, we have assisted SunWater to develop its network service plans for the purposes of customer consultation. We have also assisted in the development of templates for renewals projects options and analysis and provide input into renewals and operating costs planning processes.

Irrigation prices for Seqwater schemes

In January 2012, we were directed to recommend irrigation prices to apply to seven Seqwater schemes, from 1 July 2013 to 30 June 2017 (a four-year price path).

The final report was provided to Ministers on 30 April 2013.

In September 2013, the Ministers accepted our recommendations and referred water allocation issues to the Minister for Natural Resources and Mines.

Our recommendations have been accepted without qualification apart from two recommendations about administrative action which, while accepted in principle, have been referred for detailed consideration on implementation.

OUTLOOK

Long-term regulatory framework and pricing principles – south east Queensland distributor-retailers

We will continue to consult with stakeholders as we develop our final recommendations relating to the regulatory framework.

A final report will be submitted to the Ministers by 30 September 2014.

Irrigation prices for SunWater schemes

We will continue to liaise with SunWater to progress their implementation plan.

Irrigation prices for Seqwater schemes

As in the case of SunWater, there is scope for us to be involved in the implementation of Seqwater’s customer engagement framework.

Gladstone Area Water Board

We will conduct a price monitoring investigation of the Gladstone Area Water Board (GAWB) for the period 1 July 2015 to 30 June 2020.

GAWB’s submission is due 30 September 2014. A draft report will be submitted by 28 February 2015 and a final report by 31 May 2015.

We will review GAWB’s forecast revenue, the weighted average cost of capital and the asset base roll-forward. We will also review the prudent and efficient capital and operating expenditure where these have a material impact on price.

Seqwater bulk water pricing

The Queensland Government has directed us to recommend bulk water prices in south east Queensland to apply from 1 July 2015 to 30 June 2018.

The primary focus of the review will be the forecast operating and capital expenditure used to calculate prices which will enable Seqwater to repay its accumulated price path debt by 2027–28.

Seqwater’s submission is due on 31 July 2014. A draft report will be released by 30 November 2014, and a final report by 31 March 2015.
RESEARCH

IN SUMMARY

- We investigated mechanisms for providing regulated companies with incentives to perform better while reducing intrusive regulation.
- We developed a QCA-wide statement of pricing principles designed to encourage economic efficiency by protecting consumers from excessive prices while encouraging investment by regulated companies.

IN FULL

The research team provides analysis and evidence to support the broader work of the QCA.

In 2013–14, the research team conducted work on a number of regulatory issues, including:

- regulatory objectives and pricing principles
- our approach to determining the weighted average cost of capital
- incentive regulation
- price smoothing and the optimal path of prices over time.

A number of discussion and technical papers have been prepared and released for public consultation. Some of these are in the form of guidelines, while others are frameworks or principles to apply when considering a certain issue.

Several staff spent time providing analysis for specific reviews or assisting in other areas of the organisation. This included work on the pricing review for medical and disability aids equipment, and assessing water industry pricing models.

The impact of better regulation

Better regulation promotes productivity and results in lower costs to society as a whole.

A key determinant of regulated prices is the cost of capital that investors can earn on their investment. During the year, we conducted a comprehensive review of our methodology for determining the cost of capital for regulated firms. This research applies economic principles to develop a methodology that balances the competing interests of investors and customers in setting regulated prices.

Striking the right balance is highly complex. If the allowed cost of capital is set too high then excessive investment will occur, customers will pay too much for the regulated service and excessive prices might discourage beneficial projects that use the regulated service as an input. In contrast, if the cost of capital is set too low, insufficient investment can occur, which can result in a deterioration in service quality and reliability, imposing costs on businesses and consumers.

Developing a cost of capital methodology that strikes the appropriate balance between these competing objectives helps to ensure investors are adequately rewarded for their investment, and customers pay reasonable prices.

A series of discussion papers are available on our website on various aspects of cost of capital estimation. Our work in this area will guide the QCA in all future regulated price determinations.

OUTLOOK

In the year ahead, we will finalise discussion papers and undertake stakeholder consultation on the topics described above. We will also work on a number of new topics, amongst others:

- asset valuation techniques
- competition policy
- regulatory and public policy matters consistent with government priorities.

The team will continue to undertake specific assignments for sector teams.
PORTS

IN SUMMARY

Queensland’s 20 ports are fundamental to the momentum of its export-driven economy. Of the commodities being traded through Queensland’s ports, coal makes up the bulk of the exports and accounts for nearly half of the total value of Queensland’s exports.

Under Queensland legislation, we may regulate all the ports in Queensland if directed to do so. Only the business of the Dalrymple Bay Coal Terminal (DBCT) is subject to economic regulation by us at present.

IN FULL

2010 DBCT Access Undertaking

The 2010 DBCT Access Undertaking sets out the terms and conditions under which DBCT Management provides access to the terminal for the period 1 January 2011 to 30 June 2016.

Non-expansion capital expenditure

In June 2014, DBCT Management sought approval for $9.1 million in non-expansion capital expenditure (NECAP) for 2013–14. These works related to compliance with statutory obligations (e.g. occupational health and safety regulations) or other projects which were outside the terminal’s annual maintenance processes.

In June 2014, we approved DBCT Management’s application under the streamlined approvals process contained in the 2010 Access Undertaking, and adjusted their revenues and tariffs accordingly.

Roll-forward

The 2010 Access Undertaking provides for us to annually approve the roll-forward of the terminal’s regulated revenues and tariffs, to account for the impact of inflation. In June 2014, DBCT Management submitted an increase in the terminal’s tariff.

We approved the roll-forward in tariffs, which also included the effects of the 2013–14 NECAP expenditure. Accordingly, on 1 July 2014, the reference tariff for DBCT was increased from $2.9875 per tonne to $3.0222 per tonne.

OUTLOOK

We expect to commence preparatory work in 2015–16, on a new access undertaking for DBCT to replace the 2010 undertaking which expires on 30 June 2016.

We expect further NECAP expenditure applications from DBCT Management (including an application on water quality improvement), as DBCT requires certain capital projects to be undertaken to ensure the terminal complies with good operating and maintenance practices.

We also expect to be involved in matters regarding improvements to the Goonyella coal supply chain, of which DBCT is an important component.
G A S

I N S U M M A R Y

- We relaunched our price comparator to make it easier for customers in south east Queensland to compare retailers’ market offers and engage in the competitive market.
- We decided that the Gas Industry Code should be amended to require retailers to notify customers when their fixed-term benefit periods are about to expire.

I N F U L L

While the Australian Energy Market Operator and the Australian Energy Regulator are primarily responsible for regulation of the Queensland gas market, we continue to monitor and enforce retailers’ compliance with the Gas Industry Code, amend it as necessary and maintain a retail price comparator.

O U T L O O K

We will continue to report on the development of the retail gas market in Queensland.
COMPETITIVE NEUTRALITY

IN SUMMARY

- We investigated one competitive neutrality complaint in 2013–14.

IN FULL

The competitive neutrality principle holds that a government owned business or agency that is conducting a business activity in competition with the private sector should not enjoy a net advantage over private sector competitors only because the entity forms part of the public sector.

Under the QCA Act, we can investigate complaints against business activities carried out by a government agency. Under the Local Government Regulation 2012, we investigate and report on a competitive neutrality complaint against a local government business activity.

The Regulation outlines matters that we must consider when investigating a complaint.

The competitive advantages which an activity is not to enjoy are limited. An activity must not enjoy a competitive advantage due to not being subject to full Commonwealth or state taxes or tax equivalent systems debt guarantee fees and regulatory requirements.

Charters Towers Regional Council

We investigated one competitive neutrality complaint in 2013–14. The complainant accused the Charters Towers Regional Council of breaching the principle of competitive neutrality in regard to its operation of the World Theatre Complex cinemas.

We presented the final report on our investigation on 30 June 2014. Our key findings and recommendations are outlined in the final report, published on the Charters Towers Regional Council website: charterstowers.qld.gov.au

OUTLOOK

In 2014–15, we will continue to perform our role in responding to inquiries and investigating complaints in relation to competitive neutrality.

We have no influence on the number or timing of the complaints we receive.
PROFESSIONAL STAFF AND COMMITMENT TO GOOD GOVERNANCE WILL PROVIDE THE PLATFORM TO EXCEL IN A CHALLENGING AND CHANGING ENVIRONMENT
CORPORATE MATTERS
The QCA places great emphasis on corporate governance. Under the guidance of QCA Members, management has implemented an administrative framework which ensures that we are managed in an effective and efficient manner.

A range of policies and procedures have been developed to ensure that, amongst other things, assets are safeguarded and that proper financial and accounting records are maintained. These policies are regularly reviewed as part of a rolling system of appraisals. The triennial audit of the QCA’s financial systems was conducted by BDO Australia in 2012 who found that our systems were appropriate.

Our new website was launched in February 2014 providing improved access to documents and information. The site is more intuitive for new stakeholders, improves our communication pathways and better informs our progress on projects and key reviews.

Information and knowledge are some of QCA’s most valuable assets. Accordingly, emphasis is placed on the management and protection of information, as well as the maintenance of confidentiality where appropriate.

The majority of our records are held electronically and records are retained in accordance with State Archivist protocols. The Information Handling Officer conducted record audits in the 2013–14 year focusing on the correct processes used. New staff were trained in document control processes at induction, and existing staff were refreshed as required. We are continuing the development of our retention and disposal schedule and updating information manuals with the current revisions of the State Archivist policies. System enhancements have also occurred through product updates for the records management system.

There were no breaches of information security during the financial year.

Particular attention is paid to possible conflicts of interest. This includes Members and staff absenting themselves from all deliberations where conflicts of interest, real or perceived, may arise.

The Code of Conduct, approved by the responsible Minister, and associated processes and procedures are based on the core public sector values: integrity and impartiality, promoting the public good, commitment to the system of government, and accountability and transparency.

All staff contracts include the requirement to abide by the Code of Conduct and to disclose any potential or actual conflicts of interest. Staff and Members receive training on the Code of Conduct and are aware of their requirement to behave in accordance with the highest ethical standards.

We routinely update our policies and during this financial year the Finance Manual, Purchasing Manual, Anti-discrimination and Sexual Harassment Policy, Fire and Emergency Policy, Workplace Health and Safety Manual and Induction Manual were updated. All staff received training on the new requirements and were reminded of their existing obligations.

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

Strategic plan

The QCA approved a new strategic plan in February 2014. After consultation with staff, goals were developed for the transition period.

The Queensland Government has published the values of the Queensland Public Service as follows:

- customers first
- ideas into action
- unleash potential
- be courageous
- empower people.

The QCA shares these values and incorporates them into its day-to-day operations. Staff are encouraged to be innovative in their thinking particularly in new areas of operation. We treat all stakeholders with respect and value what they have to say. We will continue to ensure our staff training and performance management policies encourage and reward these values.

Financial

Detailed financial statements are included in a later section of this report. The QCA’s total expenditure in 2013–14 amounted to $20.6 million, with the major items of expenditure being salaries ($11.1 million) and payments for specialist advice ($8.4 million).

In 2013–14 the QCA incurred $1.2 million in additional costs in the following areas not anticipated by the budget:

- additional duties in respect of productivity reviews
- legal costs associated with defending a judicial review requested by mid-Brisbane River Irrigators
- a six-monthly regulatory obligations count (rather than annually).

Expenditure, including performance against budget, is reported monthly to QCA Members.
Fees
Fees are charged, in line with the QCA Regulations, for general regulatory services provided to a regulated entity based on the QCA’s estimate of the annualised actual cost of performing the functions in respect of that entity over a five-year period. The fees are smoothed over a five-year period in order to minimise annual variability in the fees regulated entities are charged for performing the functions. Fees charged for regulatory services can be passed directly through to end-users as the beneficiaries of regulation.
Fees are reviewed annually, on a financial year basis, for as long as we have a regulatory role, and are payable quarterly. If at any time it becomes evident that the annual fee is significantly greater or less than the actual cost of providing general regulatory services, the QCA will review the annual fee charged and will take this under- or over-recovery into account.
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 QCA and will not necessarily be passed through to end-users. No such fees were levied during 2013–14.

Environmental statement
The QCA maintains an environmentally friendly workplace. The Ann Street offices have been designed to be energy efficient and have been awarded a 6 star Green rating. Building management is targeting a 5 star NABERS Energy rating and 4 Star NABERS water rating.
The low sill heights and a stepped perimeter ceiling maximise the natural light penetration and, together with centrally activated lighting, save energy.
The building facilities also support our life/ work balance policies with excellent end-of-trip facilities (including secure bike racks and showering facilities) and heart-smart stairs (running between all floors).
No asbestos was used in the construction of 145 Ann Street.

Other information
Information on the following items is available on our website:
- right to information and information privacy
- record keeping
- overseas travel
- specialist services.

OUR STAFF

Equal employment opportunities
Our policies support the principles underlying equal employment opportunities, the principles of anti-discrimination, and the avoidance of sexual harassment and bullying.
To the extent practicable, we support part-time work, flexible working hours and the ability to work from home.

Workforce profile
As at 30 June 2014, we employed 79 staff (70.97 full-time equivalent staff) in a variety of professional and support roles.
For the financial year ended 30 June 2014, we had a permanent retention rate of 88% (the percentage of permanent employees still employed over the 12 months to 30 June 2014) and a permanent separation rate of 12% (the number of permanent employees who separated from the QCA in the 12 months to 30 June 2014, as a percentage of permanent employees as of 30 June 2014).

Workforce planning
QCA staffing levels are based on the annual operational plan. In addition, we engage consultants or contract staff for specialist advice and, if necessary, to meet peak activity demands.
Candidates for permanent employment are sourced through online and print advertising, as well as through recruitment agencies, referrals and direct applications

Employee performance management framework
All new staff are required to attend a corporate induction program. Induction provided covers HR and general QCA policies, IT and systems induction, and general orientation.
Each year, staff are formally reviewed through a performance evaluation process. The results of performance reviews are considered in the annual salary review process, and inform decisions regarding staff suitability for promotions.
We have a strong culture of employee development, with all staff required to attend at least two days of professional development each year (including training, seminars and conferences). A training plan is developed for each staff member during the annual performance evaluation process to guide the professional development opportunities offered to individual staff members.
Additional development is supported through the Study and Research Assistance Scheme. Four staff participated in this scheme in 2013–14, undertaking formal studies at a post-graduate level.

Flexible work arrangements
We support a healthy life/work balance and to that end encourage staff to take recreation leave on a regular basis. In addition, a range of flexible work arrangements are available to staff including part-time work, flexible work hours, purchased vacation, work from home and 19-day months. See table below.

Leadership development framework
Opportunities for leadership development are identified through the annual performance evaluation process. Actions to improve leadership ability in managers and potential managers are determined at this time and formally recorded in each leader/potential leader’s training plan.

Industrial and employee relations framework
An employee consultation model is in place for the review and implementation of procedures and policies. In addition, staff receive training on changes to policy when new and/or revised policies are adopted.

The Director, Corporate Services and the HR Manager manage any workplace complaints, investigations and Work Cover claims that may arise. Investigations may be outsourced where specialist knowledge or skills are required, or where there may be a perceived conflict of interest.

Early retirement, redundancy and retrenchment
The QCA did not offer any staff an early retirement, redundancy or retrenchment package during the 2013–14 financial year.

Workforce Profile as at 30 June 2014

<table>
<thead>
<tr>
<th></th>
<th>Total Staff</th>
<th>Male</th>
<th>Female</th>
<th>NESB*</th>
<th>A&amp;TSI**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Directors</td>
<td>6</td>
<td>4</td>
<td>2</td>
<td>1</td>
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<tr>
<td>Technical Staff</td>
<td>59</td>
<td>38</td>
<td>21</td>
<td>10</td>
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<tr>
<td>Support Staff</td>
<td>14</td>
<td>5</td>
<td>9</td>
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<tr>
<td>Total</td>
<td>79</td>
<td>47</td>
<td>32</td>
<td>12</td>
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</tbody>
</table>

* Non English Speaking Background (voluntary disclosure)
** Aboriginal and/or Torres Strait Islander (voluntary disclosure)

Breakdown by age

Breakdown by gender
### Breakdown by age as at 30 June 2014

<table>
<thead>
<tr>
<th>Age Interval</th>
<th>Total Staff</th>
<th>Male</th>
<th>Female</th>
<th>NESB*</th>
<th>A&amp;TSI**</th>
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<tbody>
<tr>
<td>15–24</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>0</td>
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<tr>
<td>25–34</td>
<td>20</td>
<td>12</td>
<td>8</td>
<td>4</td>
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<tr>
<td>35–44</td>
<td>35</td>
<td>16</td>
<td>19</td>
<td>6</td>
<td>0</td>
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<tr>
<td>45+</td>
<td>22</td>
<td>17</td>
<td>5</td>
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<td>0</td>
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</table>

* Non English Speaking Background (voluntary disclosure)

** Aboriginal and/or Torres Strait Islander (voluntary disclosure)

### Flexible work arrangements as at 30 June 2014

<table>
<thead>
<tr>
<th>Part-time Work</th>
<th>Flexible Work Hours</th>
<th>Purchased Vacation</th>
<th>Working from Home</th>
<th>19 Day Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>1</td>
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<tr>
<td>Female</td>
<td>9</td>
<td>3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Aged &lt;24</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Aged 25–34</td>
<td>4</td>
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<td>0</td>
</tr>
<tr>
<td>Aged 35–44</td>
<td>6</td>
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<tr>
<td>Aged 45+</td>
<td>0</td>
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</table>

Total number of staff participating: 10

### Meetings of the QCA

Twenty-four meetings were held during 2013–14

<table>
<thead>
<tr>
<th></th>
<th>Scheduled Meetings</th>
<th>Out of Session Meetings</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Held</td>
<td>Attended</td>
</tr>
<tr>
<td>Malcolm Roberts</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>Sally Pitkin</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>David Watson</td>
<td>12</td>
<td>12</td>
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</tbody>
</table>
STAFF LIST
as at 30 June 2014

Team Leaders
Catherine Barker BA BCon GradCert(AppFin&Inv)
Rod Bogaards BCon MCon
Angus MacDonald BAgEcon(Hons)
GradDipSE(Econ&Bus) BEdu MEnEergy
Sean McComish BCon(Hons) MCon
George Passmore BAgEcon(Hons) MAgEcon
Leigh Spencer BCon(Hons)

Technical
Manish Agarwal BCom(Hons) MCon MPH(Econ) PhD
Geetu Anthonisz BCom(Hons)
Pag Arao-Arao BCon
Clotilde Bélanger BAppScAgEcon
Michael Blake BSc(Math.Econ) BA(History) MPublPol PhD(Econ.Ecomy)
Kristy Bogaards BCon(Hons)
Christopher Bouli BBus(IntTrade) MCon
Tanya Boyle BCon(Hons)
Matthew Bradbury BCon MBA(AppFin)
GradCertBitEnv&Eng
Courtney Chester BA BNatResEcon(Hons)
MAppAnthro&PartDev
Farhana Chowdhury BBusAdmin MIntEcon&Finance(Adv) PhD(Econ)
Jennie Cooper BCA BCom(Hons)
William Copeman BCon/Arts(ComSci)
Richard Creagh BNatResEcon(Hons) MCon
Tom Cunningham BCon GradDipFinMgt
Hiresh Devaser BCon(Hons)
Alex Dobes B(Hons) MBA
Ralph Donnet BAgEcon GradDipFinMgt
Sarah Duval BLaw BBus MBusEcon(Adv)
James Gilchrist BBusEcon(Hons) MA(EconAnal)
Les Godfrey BE BCon MBA(Adv) MFM Cert IV in AWT FIEAust
Fifi Gosali BA MSC(Ecom) MSc(SocProFin)
Emma Green BCom(Mcom) MAppLaw
Carrie Haines BA BA(Bcom) MIntEcon&Fin
Keith Hutchinson BBus(Econ) GradCertPubGov MSocSci(intDev)
Ann Jones BCon MCom(Econ)(Hons)
James Keating BSc(BusEcon&IntBus) MCon
Dan Kelley BCon MCon PhD(Ecom)
Robyn Le BCon BCom
Adam Liddy BCon(Hons) GradDipMan CertIV in WT&A
Wei Fang Lim BCon
Wilson Liu DipElecComp&CommEng BCon(Hons)
Kian Nam Loke BCon(Hons)
Sean Mackay BLeisureMgt BCon
Fiona McAnally BCon MAppLedFin
Shannon Murphy BCon GDipBus(AppliedFin)
Rimu Nelson BCon
Angella Nhan BEng(Hons) MSc(Ecom)
Linda O’Mullane MEnEcon
Dominic O’Neill BSc(Ecom) MScEnvResEcon
Kwabena Osei BCon GradDipEcon MCon
Darren Page BCon(Hons) GradDipAppFin&Inv AIAA
Damian Platts BBus MCom CPA
Matthew Rintoul BBus MAppEcon
Sidney Shanks BCon
Russell Silver-Thomas BA BCon(Hons)
Alicia Toohey BBusMan MBusEcon
Santhi Wicks BAgEcon PhDAgResEcon
Stephen Wisenthal BAEcon(Hons)
Natalya Zelenyuk BFin MCon
Zach Zhang BCon(Hons)

Support
Meg Buckley
Margi Cruickshank
Carola Hofmann MA(European Studies)
Donna Kilbride
Mandy Lappe B BehaviouralSc; GDipHRMIR; MEd
Patricia Linn BBusPsy DipBus
Callum Maystone
Sabina O’Donoghue JP(Qualified)
Joanne O’Leary BCom(Hons)
John Palm BBus CPA
Annette Seargent BA MBA
Jason Smith MCSA
Richard Stevens BAdes(Hons)
Kim Vanderberg DipBus(FrontlineMgt)
David Walsh BTech
## Our Publications

Publications 2013–14

![Pie Chart showing publications and submissions](chart.png)

### Publications released and submissions received

<table>
<thead>
<tr>
<th>Category</th>
<th>Submissions</th>
<th>Publications</th>
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<tbody>
<tr>
<td>Productivity</td>
<td></td>
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</tr>
<tr>
<td>Coal seam gas</td>
<td>28</td>
<td>7</td>
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<tr>
<td>Medical aids</td>
<td>40</td>
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<tr>
<td>Industry assistance</td>
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<tr>
<td>Aquaculture</td>
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<tr>
<td>Office of Best Practice Regulation</td>
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<tr>
<td>Electricity</td>
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<td>Gas</td>
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<td>Rail – Aurizon</td>
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<td>Rail – Queensland Rail</td>
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<tr>
<td>Water</td>
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<td>Research</td>
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<td>Ports</td>
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<tr>
<td>Competitive neutrality</td>
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<tr>
<td>Other</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>442</strong></td>
<td><strong>177</strong></td>
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Publicly available publications

Publicly available documents can be obtained from our offices or from our website

<table>
<thead>
<tr>
<th>Release Date</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2014</td>
<td>Final decision: Queensland Rail’s draft amending access undertaking – extension of termination date</td>
</tr>
<tr>
<td>June 2014</td>
<td>Consultation paper: Queensland Rail’s western system coal tariffs</td>
</tr>
<tr>
<td>June 2014</td>
<td>Final report: review of national trade licensing reforms</td>
</tr>
<tr>
<td>June 2014</td>
<td>Technical paper: SEQ long-term framework – annual performance reporting - implementation issues</td>
</tr>
<tr>
<td>June 2014</td>
<td>Decision: Aurizon Network’s reference tariffs for Middlemount to the Dalrymple Bay Coal Terminal</td>
</tr>
<tr>
<td>June 2014</td>
<td>Approval: Aurizon Network’s May 2014 extension draft amending access undertaking</td>
</tr>
<tr>
<td>June 2014</td>
<td>Updated term sheets: Aurizon Network’s 2013 standard user funding agreement draft amending access undertaking</td>
</tr>
<tr>
<td>June 2014</td>
<td>Report: electricity: Energex’s performance against minimum service standards and guaranteed service levels – March quarter 2014</td>
</tr>
<tr>
<td>June 2014</td>
<td>Final decision: review of minimum service standards and guaranteed service levels to apply in Queensland from 1 July 2015</td>
</tr>
<tr>
<td>June 2014</td>
<td>Final decision: proposed amendments to customer notification and consent provisions in the Electricity and Gas Industry Codes</td>
</tr>
<tr>
<td>June 2014</td>
<td>Final advice: estimate of the impact of the carbon tax and RET – 2014–15</td>
</tr>
<tr>
<td>May 2014</td>
<td>Approval: Aurizon Network’s Capricornia system rules</td>
</tr>
<tr>
<td>May 2014</td>
<td>Approval: Aurizon Network’s 2012–13 capital expenditure</td>
</tr>
<tr>
<td>May 2014</td>
<td>Draft decision: Aurizon Network’s 2013 review event application</td>
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<tr>
<td>May 2014</td>
<td>Decision: Aurizon Network’s April 2014 extension draft amending access undertaking</td>
</tr>
<tr>
<td>May 2014</td>
<td>Position paper: Aurizon Network’s standard user funding agreement draft amending access undertaking</td>
</tr>
<tr>
<td>May 2014</td>
<td>Correspondence re Aurizon Network’s 2013 draft access undertaking – pricing and draft decision</td>
</tr>
<tr>
<td>May 2014</td>
<td>Draft assessment: transition to performance monitoring – Gold Coast Water</td>
</tr>
<tr>
<td>May 2014</td>
<td>Draft assessment: transition to performance monitoring – Redland Water</td>
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<tr>
<td>May 2014</td>
<td>Draft assessment: transition to performance monitoring – Logan Water</td>
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<tr>
<td>May 2014</td>
<td>Draft assessment: transition to performance monitoring – Unitywater</td>
</tr>
<tr>
<td>May 2014</td>
<td>Draft assessment: transition to performance monitoring – Queensland Urban Utilities</td>
</tr>
<tr>
<td>Release Date</td>
<td>Title</td>
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</tr>
<tr>
<td>May</td>
<td>Final report: feed-in tariff for regional Queensland for 2014–15</td>
</tr>
<tr>
<td>May</td>
<td>Electricity Industry Code – version 16</td>
</tr>
<tr>
<td>May</td>
<td>Electricity Industry Code – version 15</td>
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<tr>
<td>May</td>
<td>Final determination: regulated retail electricity prices 2014–15</td>
</tr>
<tr>
<td>May</td>
<td>Media release: regulated retail electricity prices for 2014–15 released</td>
</tr>
<tr>
<td>May</td>
<td>Fact sheet: final determination: business electricity prices from 1 July 2014</td>
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<tr>
<td>May</td>
<td>Fact sheet: final determination: residential electricity prices from 1 July 2014</td>
</tr>
<tr>
<td>May</td>
<td>Fact sheet: final determination: transitional arrangements for regulated electricity prices from 1 July 2014</td>
</tr>
<tr>
<td>May</td>
<td>Fact sheet: final determination: electricity prices from 1 July 2014</td>
</tr>
<tr>
<td>May</td>
<td>Fact sheet: final determination: your electricity bill and the carbon tax</td>
</tr>
<tr>
<td>April</td>
<td>Consultation paper: minimalist transitioning approach for Ergon Energy</td>
</tr>
<tr>
<td>April</td>
<td>Media release: review of Qld Government industry assistance announced</td>
</tr>
<tr>
<td>April</td>
<td>Fact sheet: review of Queensland Government industry assistance</td>
</tr>
<tr>
<td>April</td>
<td>Issues paper: industry assistance in Queensland</td>
</tr>
<tr>
<td>March</td>
<td>SEQ price monitoring fact sheet – Gold Coast Water</td>
</tr>
<tr>
<td>March</td>
<td>SEQ price monitoring fact sheet – Redland Water</td>
</tr>
<tr>
<td>March</td>
<td>SEQ price monitoring fact sheet – Logan Water</td>
</tr>
<tr>
<td>March</td>
<td>SEQ price monitoring fact sheet – Queensland Urban Utilities</td>
</tr>
<tr>
<td>March</td>
<td>SEQ price monitoring fact sheet – Unitywater</td>
</tr>
<tr>
<td>March</td>
<td>SEQ price monitoring fact sheet – Overview</td>
</tr>
<tr>
<td>March</td>
<td>Fact sheet: position paper: pricing principles for SEQ water retailers</td>
</tr>
<tr>
<td>March</td>
<td>Media release: pricing principles proposed for SEQ water retailers</td>
</tr>
<tr>
<td>March</td>
<td>Position paper: SEQ long-term framework – pricing principles</td>
</tr>
<tr>
<td>March</td>
<td>Fact sheet: position paper: performance monitoring of SEQ water retailers</td>
</tr>
<tr>
<td>March</td>
<td>Media release: simpler, cheaper regulation for SEQ water retailers</td>
</tr>
<tr>
<td>March</td>
<td>Report: electricity: market and non-market customers – December quarter 2013</td>
</tr>
<tr>
<td>March</td>
<td>Report: electricity: Energex’s performance against minimum service standards and guaranteed service levels – December quarter 2013</td>
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<tr>
<td>March</td>
<td>Report: electricity: Ergon Energy’s performance against minimum service standards and guaranteed service levels – December quarter 2013</td>
</tr>
<tr>
<td>March</td>
<td>Draft decision: proposed amendments to customer notification and consent provisions in the Electricity and Gas Industry Codes</td>
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<tr>
<td>March</td>
<td>Draft report: solar feed-in tariff for regional Queensland for 2014–15</td>
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<tr>
<td>Release Date</td>
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</tr>
<tr>
<td>March</td>
<td>Draft decision: review of minimum service standards and guaranteed service levels to apply in Queensland from 1 July 2015</td>
</tr>
<tr>
<td>March</td>
<td>Issues paper: trailing average cost of debt</td>
</tr>
<tr>
<td>February</td>
<td>Issues paper: aquaculture regulation in Queensland</td>
</tr>
<tr>
<td>February</td>
<td>Media release: aquaculture review to cut red tape – have your say</td>
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<tr>
<td>February</td>
<td>Correspondence re 2013 standard user funding agreement draft amending access undertaking</td>
</tr>
<tr>
<td>February</td>
<td>Final decision: Aurizon Network’s revenue cap adjustment 2012–13</td>
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<td>February</td>
<td>Final decision: Aurizon Network’s Capricornia system rules</td>
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<tr>
<td>February</td>
<td>Position paper: long term regulatory framework for SEQ water entities</td>
</tr>
<tr>
<td>February</td>
<td>Fact sheet: coal seam gas regulatory review</td>
</tr>
<tr>
<td>February</td>
<td>Media release: QCA’s coal seam gas review helping reduce red tape</td>
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<tr>
<td>February</td>
<td>Final report: coal seam gas review</td>
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<tr>
<td>February</td>
<td>Fact sheet: SEQ price monitoring draft report for 2013–15 – Gold Coast Water</td>
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<td>February</td>
<td>Media release: monitoring of SEQ water retailers for 2013–15</td>
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<td>Fact sheet: price disparities for disability aids and equipment</td>
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<tr>
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<td>Media release: price disparities for disability aids and equipment</td>
</tr>
<tr>
<td>February</td>
<td>Final report: price disparities for disability aids and equipment</td>
</tr>
<tr>
<td>February</td>
<td>Information paper: the split cost of capital concept</td>
</tr>
<tr>
<td>February</td>
<td>Information paper: financial capital maintenance and price smoothing</td>
</tr>
<tr>
<td>February</td>
<td>Information paper: issues in the application of annuities</td>
</tr>
<tr>
<td>January</td>
<td>Electricity Industry Code – version 14</td>
</tr>
<tr>
<td>January</td>
<td>2012–13 Annual report on reducing the burden of regulation in Queensland</td>
</tr>
</tbody>
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2013

<p>| December     | Regulatory requirements count – count methodology guideline                                                                           |
| December     | Regulatory requirements count – the count by instrument as at 30 June 2013                                                            |
| December     | Regulatory requirements count – recommend reduction targets for each government department                                           |
| December     | Regulatory requirements count – baseline count by instrument                                                                          |
| December     | Media release: regulatory reform – annual report card                                                                                  |
| December     | Queensland gas scheme study – discussion of findings, methodology, inputs and assumptions                                           |
| December     | Coal mining industry – discussion of findings, methodology, inputs and assumptions                                                     |
| December     | WACC forum 13 December 2013 – agenda and minutes                                                                                        |</p>
<table>
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<tbody>
<tr>
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<td>Approval: Aurizon Network’s 2011–12 regulatory asset base roll-forward</td>
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<tr>
<td>December</td>
<td>Issues paper: retail electricity price regulation in regional Queensland</td>
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<tr>
<td>December</td>
<td>Media release: electricity prices in regional Queensland – QCA issues paper</td>
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<td>Draft determination: regulated retail electricity prices 2014–15</td>
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<td>Media release: Queensland Competition Authority’s draft decision on electricity prices 2014–15</td>
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<td>Fact sheet: draft determination: your electricity bills and the carbon tax</td>
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<td>Final decision: Queensland Rail’s November 2013 extension draft amending access undertaking</td>
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<td>Draft decision: Aurizon Network’s 2013 Blackwater electric traction pricing draft amending access undertaking</td>
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<td>November</td>
<td>Correspondence re Aurizon Network’s 2013 draft access undertaking – UT4 WACC averaging period (dated 23 August 2013)</td>
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<tr>
<td>November</td>
<td>Addendum to QCA’s consultation paper on Aurizon Network’s draft access undertaking</td>
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<td>November</td>
<td>Correspondence re Aurizon Network’s 2013 draft access undertaking – timetable for assessment</td>
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<td>November</td>
<td>Draft report: coal seam gas review</td>
</tr>
<tr>
<td>November</td>
<td>Media release: reducing red tape – QCA’s coal seam gas review</td>
</tr>
<tr>
<td>November</td>
<td>Interim consultation notice: review of customer notification and consent provisions under the Electricity and Gas Industry Codes</td>
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<tr>
<td>November</td>
<td>Final decision: requested amendments to the Electricity Industry Codes customer disconnection provisions</td>
</tr>
<tr>
<td>November</td>
<td>Report: electricity: Energex’s performance against minimum service standards and guaranteed service levels – September quarter 2013</td>
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<tr>
<td>November</td>
<td>Report: electricity: Ergon Energy’s performance against minimum service standards and guaranteed service levels – September quarter 2013:</td>
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<tr>
<td>November</td>
<td>Media release: price disparities for disability aids and equipment – have your say</td>
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<tr>
<td>October</td>
<td>Fact sheet: aquaculture review of regulation</td>
</tr>
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<td>October</td>
<td>Media release: cutting red tape to boost Queensland aquaculture</td>
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<td>October</td>
<td>Final approval: Aurizon Network’s 2011–12 capital expenditure</td>
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<td>October</td>
<td>Report: electricity: market and non-market customers – June quarter 2013</td>
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<tr>
<td>September</td>
<td>Media release: a busy year for reform in Queensland</td>
</tr>
<tr>
<td>September</td>
<td>Correspondence re Aurizon Network’s 2013 draft access undertaking process – follow up</td>
</tr>
<tr>
<td>September</td>
<td>Correspondence re Aurizon Network’s 2013 draft access undertaking process – update</td>
</tr>
<tr>
<td>September</td>
<td>Final approval: Aurizon Network’s June Goonyella to Abbot Point expansion draft amending access undertaking</td>
</tr>
<tr>
<td>September</td>
<td>Annual report 2012–13</td>
</tr>
<tr>
<td>September</td>
<td>Report: electricity: performance against minimum service standards and guaranteed service levels by Energex and Ergon Energy for the 2012–13 financial year</td>
</tr>
<tr>
<td>Release Date</td>
<td>Title</td>
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</tr>
<tr>
<td>September</td>
<td>Report: electricity: Energex’s performance against minimum service standards and guaranteed service levels – June quarter 2013</td>
</tr>
<tr>
<td>September</td>
<td>Further consultation: requested amendments to the Electricity Industry Code customer disconnection provisions</td>
</tr>
<tr>
<td>August</td>
<td>Consultation paper: Aurizon Network’s 2013 draft access undertaking</td>
</tr>
<tr>
<td>August</td>
<td>Final decision: Aurizon Network’s endorsed variation events – pricing of electricity retailer and QCA levy</td>
</tr>
<tr>
<td>August</td>
<td>Final approval: Aurizon Network’s alternative standard access agreements</td>
</tr>
<tr>
<td>August</td>
<td>Draft decision: Aurizon Network’s 2011–12 capital expenditure</td>
</tr>
<tr>
<td>August</td>
<td>SEQ long term regulatory framework and pricing principles – work program</td>
</tr>
<tr>
<td>August</td>
<td>Discussion paper: review of minimum service standards and guaranteed service levels to apply from 1 July 2015</td>
</tr>
<tr>
<td>August</td>
<td>Statement of regulatory pricing principles</td>
</tr>
<tr>
<td>July</td>
<td>QCA’s revised alternative standard access agreements and consequential amendments</td>
</tr>
<tr>
<td>July</td>
<td>Draft decision: Goonyella to Abbot Point expansion reference tariff – draft amending access undertaking</td>
</tr>
<tr>
<td>July</td>
<td>Request for comments – coal seam gas investigation</td>
</tr>
<tr>
<td>July</td>
<td>Media release: coal seam gas inquiry – have your say</td>
</tr>
<tr>
<td>July</td>
<td>Interim consultation paper: regulated retail electricity prices 2014–15</td>
</tr>
</tbody>
</table>

**Reports to the Queensland Government**

Not publicly available

<table>
<thead>
<tr>
<th>Release Date</th>
<th>Title</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Final advice: review of regional electricity price regulation</td>
</tr>
<tr>
<td></td>
<td>Draft report: Charters Towers Regional Council competitive neutrality complaint investigation</td>
</tr>
<tr>
<td></td>
<td>The Queensland Government guide to better regulations</td>
</tr>
<tr>
<td></td>
<td>Report on the RIS system guidelines review</td>
</tr>
<tr>
<td>November</td>
<td>Final report: proposal to mandate rainwater tanks in Toowoomba</td>
</tr>
<tr>
<td>October</td>
<td>Information advise to Queensland Treasury and Trade regarding regulator engagement with small business</td>
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# Statement of Comprehensive Income

for the year ended 30 June 2014

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Income from Continuing Operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Grant</td>
<td>7,200,000</td>
<td>6,500,000</td>
</tr>
<tr>
<td>Fees</td>
<td>11,889,282</td>
<td>11,856,700</td>
</tr>
<tr>
<td>Other Income</td>
<td>444,793</td>
<td>567,772</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>19,534,075</strong></td>
<td><strong>18,924,472</strong></td>
</tr>
<tr>
<td><strong>Gains/Losses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain/(Loss) on sale of plant and equipment</td>
<td>-</td>
<td>(3,950)</td>
</tr>
<tr>
<td><strong>Total Income from Continuing Operations</strong></td>
<td><strong>19,534,075</strong></td>
<td><strong>18,920,522</strong></td>
</tr>
<tr>
<td><strong>Expenses from Continuing Operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members Expenses</td>
<td>693,046</td>
<td>407,047</td>
</tr>
<tr>
<td>Employee Expenses</td>
<td>11,087,762</td>
<td>9,889,846</td>
</tr>
<tr>
<td>Supplies and Services</td>
<td>8,425,117</td>
<td>8,226,623</td>
</tr>
<tr>
<td>Depreciation and Amortisation</td>
<td>370,710</td>
<td>158,282</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>39,140</td>
<td>34,795</td>
</tr>
<tr>
<td><strong>Total Expenses from Continuing Operations</strong></td>
<td><strong>20,615,775</strong></td>
<td><strong>18,716,592</strong></td>
</tr>
<tr>
<td><strong>Operating Result from Continuing Operations</strong></td>
<td><strong>(1,081,701)</strong></td>
<td><strong>203,930</strong></td>
</tr>
<tr>
<td><strong>Other Comprehensive Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Comprehensive Income</strong></td>
<td><strong>(1,081,701)</strong></td>
<td><strong>203,930</strong></td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.
**STATEMENT OF FINANCIAL POSITION**

*as at 30 June 2014*

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
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</table>

**Current Assets**
- Cash and Cash Equivalents 7 13,005,661 9,865,872
- Receivables 8 224,731 4,311,339
- Other 9 256,745 126,840

**Total Current Assets**

13,487,138 14,304,052

**Non Current Assets**
- Plant and Equipment 10 3,383,800 3,444,735

**Total Non Current Assets**

3,383,800 3,444,735

**Total Assets**

16,870,938 17,748,786

**Current Liabilities**
- Payables 11 395,094 719,779
- Accrued Employee Benefits 12 906,932 1,057,106
- Unearned Revenue 13 4,972,586 4,034,868
- Lease Incentive Liability 13 330,000 330,000

**Total Current Liabilities**

6,604,613 6,141,753

**Non Current Liabilities**
- Accrued Employee Benefits 12 887,768 816,776
- Lease Incentive Liability 13 2,475,000 2,805,000

**Total Non Current Liabilities**

3,362,768 3,621,776

**Total Liabilities**

9,967,381 9,763,529

**Net Assets**

6,903,557 7,985,257

**Equity**
- Contributed Equity
  - 1,559,000 1,559,000
- Accumulated Surplus
  - 5,344,557 6,426,257

**Total Equity**

6,903,557 7,985,257

The accompanying notes form part of these financial statements.
STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

<table>
<thead>
<tr>
<th></th>
<th>Accumulated Surplus</th>
<th>Contributed Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>Balance 1 July</td>
<td>6,426,257</td>
<td>6,222,328</td>
</tr>
<tr>
<td>Operating Result from</td>
<td>(1,081,701)</td>
<td>203,930</td>
</tr>
<tr>
<td>Continuing Operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Comprehensive Income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance 30 June</td>
<td>5,344,557</td>
<td>6,426,257</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.
# Statement of Cash Flows

for the year ended 30 June 2014

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
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</table>

## Cash Flows from Operating Activities

### Inflows:

- Government Grant: 7,200,000 6,500,000
- Fees: 13,142,814 11,042,100
- Interest: 446,883 561,996
- Other: 3,517,321 2,944
- GST collected on services provided: 1,334,700 1,104,240
- GST input tax credits from ATO: 1,005,686 1,248,158

**Total Inflows:** 26,647,403 20,459,438

### Outflows:

- Members Expenses: (693,046) (407,047)
- Employee Expenses: (10,981,091) (10,178,843)
- Other Operating Expenses: (8,703,636) (8,093,575)
- GST paid to Suppliers: (1,169,553) (1,448,741)
- GST remitted to ATO: (1,650,513) (1,104,240)

**Total Outflows:** (23,197,839) (21,232,445)

**Net cash provided by/(used in) operating activities:** 3,449,564 (773,006)

## Cash Flows from Investing Activities

### Inflows:

Proceeds from disposal of Plant and Equipment: -

### Outflows:

Payments for Plant and Equipment: (309,776) (3,427,589)

**Net cash provided by/(used in) investing activities:** (309,776) (3,427,589)

## Net increase/(decrease) in cash and cash equivalents

3,139,789 (4,200,596)

## Cash and cash equivalents at beginning of financial year

9,865,871 14,066,467

## Cash and cash equivalents at end of financial year

7 13,005,660 9,865,871

The accompanying notes form part of these financial statements
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

Note 1:
Objectives and principal activities of the Authority

The Queensland Competition Authority (the “Authority”) is a statutory body established under the Queensland Competition Authority Act 1997 (QCA Act). 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 Treasurer and Minister for Trade and the Attorney-General and Minister for Justice), undertaking prices oversight of monopoly or near monopoly Government and some Non-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 competition, industry, productivity or best practice regulation as the Ministers may direct.

Note 2:
Summary of Significant Accounting Policies

a) Statement of Compliance

The financial statements have been prepared in compliance with the Financial Accountability Act 2009 and the Financial and Performance Management Standard 2009.

These financial statements are general purpose financial statements and have been prepared on an accruals basis in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations. With respect to compliance with Australian Accounting Standards and Interpretations, the Authority has applied those requirements applicable to not-for-profit entities, as the Authority is a not-for-profit entity. In addition, the financial statements materially comply with the Treasurer’s Minimum Reporting Requirements for the year ending 30 June 2014, 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.

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.

Fee revenue is recognised in the accounting period in which the services are rendered and is in compliance with the requirements set out in the Queensland Competition Authority Regulation 2007. Salary and related staff costs include salaries, benefits, recruitment costs, staff training and other staff costs, and are inclusive of on-costs.

c) Leasing

Operating leases are those where the risk and benefits of ownership are retained by the lessor. The Authority may lease 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 lease incentive received is recognised as an integral part of the rent expense, over the term of the lease. The Authority does not have any finance leases.
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 so as to allocate the net cost of each asset, less its’ estimated residual value, progressively over its’ estimated useful life to the Authority. 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: 10% to 33%
- Computer Equipment: 20% to 33%
- Fixtures and Fittings: 10% to 12%
- Leasehold Improvements: 10% to 12%

e) Employee Benefits:

For unpaid benefits expected to be settled wholly within 12 months, the liabilities are recognised at their undiscounted values. Benefits not expected to be paid within 12 months, are classified as non-current liabilities and recognised at their present value, calculated using yields on fixed rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of likely settlement.

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 quarterly in arrears.

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.

Key executive management personnel and remuneration disclosures are made in accordance with section 5 of the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury and Trade. Refer to note 4 for disclosures on key executive management personnel and remuneration.

f) 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.

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

g) 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.

h) 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.
i) **Payables:**
Trade Creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount; i.e. agreed purchase/contract price, gross of applicable trade and other discounts. Trade creditors are generally unsecured, not subject to interest charges and are normally settled within agreed business terms.

j) **Financial Instruments:**
The Authority’s only financial assets and liabilities are as follows and they are measured at:

- Cash and cash equivalents – held at fair value through profit and loss
- Receivables – held at amortised cost
- Payables – held at amortised cost

k) **Unearned Revenue**
The Authority levies fees on regulated entities for services it provides. As the expenditure can vary considerably from year to year depending on the stage of the regulatory cycle, the Authority estimates fees on the basis of expected expenditure over a five year period and then annualises the fee to provide certainty to regulated entities and their customers.

As the *Queensland Competition Authority Regulation 2007* only permits the Authority to levy fees for providing a service or performing a function that is no more than the reasonable cost of providing that service or performing that function, regulatory fee income is recognised as the associated costs of providing the related services are incurred.

Any regulatory fee income received in excess of the costs of providing the related services in a year is disclosed in the Statement of Financial Position and will be recognised as revenue in the Statement of Comprehensive Income in subsequent periods as related costs are incurred.

l) **Issuance of Financial Statements:**
The financial statements are authorised for issue by the Chairperson and the Chief Executive Officer at the date of signing the Management Certificate.

m) **Judgements**
The preparation of financial statements necessarily requires the determination and use of accounting estimates, assumptions, and management judgements that have the potential to cause a material impact on the carrying amounts of assets and liabilities within the next financial year. 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
- Unearned Revenue – note 13

n) **Rounding and Comparatives**
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.

o) **New and Revised Accounting Standards**
The QCA did not voluntarily change any accounting policies during 2013–14.

Australian accounting standard changes applicable for the first time as from 2013–14 that have had an impact on the QCA’s financial statements are described below.

AASB 13 Fair Value Measurement became effective from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements apply to all of the QCA’s assets and liabilities (excluding leases) that are measured at fair value or another measurement based on fair value. The impacts of AASB 13 relate to the fair value measurement methodologies used and financial statement disclosures made in respect of such assets and liabilities.
The QCA has reviewed its fair value methodologies for all assets and liabilities measured at fair value to assess whether those methodologies comply with AASB 13. To the extent that the previous methodologies were not in compliance with AASB 13, valuation methodologies were revised accordingly to be in line with AASB 13. The revised valuation methodologies have not resulted in material differences from the previous methodologies.

A revised version of AASB 119 Employee Benefits became effective for reporting periods beginning on or after 1 January 2013. The most significant implication for the QCA is that the revised accounting standard includes criteria for accounting for employee benefits as 'short term employee benefits'. As a result, any class of employee benefit not expected to be wholly settled within 12 months after the reporting date is to be accounted for as 'other long term employee benefits'. The recognition and measurement of the QCA’s obligations for 'other long term employee benefits' follows most of the requirements under AASB 119 for defined benefit plans. This affects the QCA’s annual leave liabilities. Therefore, the measurement of those liabilities, and the measurement and presentation of changes in those liabilities, now reflect defined benefit plan accounting as defined by AASB 119 (refer to note 1(e) for more information).

Other potential implications arising from the revised AASB 119 were the revised concept of 'termination benefits' and the revised recognition criteria for termination benefit liabilities. If any termination benefit liabilities meet the AASB 119 timeframe for 'short term employee benefits', they will be measured according to the requirement for 'short term employee benefits'. Otherwise, termination benefits need to be measured according to the requirements for 'other long term employee benefits'.

### Note 3:

<table>
<thead>
<tr>
<th>Other Income</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>444,343</td>
<td>564,828</td>
</tr>
<tr>
<td>Other</td>
<td>449</td>
<td>2,944</td>
</tr>
<tr>
<td>Total</td>
<td>444,793</td>
<td>567,772</td>
</tr>
</tbody>
</table>

### Note 4:

<table>
<thead>
<tr>
<th>Employee Expenses</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>8,743,251</td>
<td>7,746,420</td>
</tr>
<tr>
<td>Employer Superannuation</td>
<td>821,260</td>
<td>686,441</td>
</tr>
<tr>
<td>Long Service Leave Central</td>
<td>183,263</td>
<td>146,876</td>
</tr>
<tr>
<td>Scheme Levy</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employee Related Expenses</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll tax</td>
<td>470,313</td>
<td>387,051</td>
</tr>
<tr>
<td>Staff Training Costs</td>
<td>293,373</td>
<td>355,632</td>
</tr>
<tr>
<td>Staff Recruitment Costs</td>
<td>512,080</td>
<td>483,556</td>
</tr>
<tr>
<td>Other Staff Expenses</td>
<td>39,400</td>
<td>67,279</td>
</tr>
<tr>
<td>Workers Compensation Premium</td>
<td>24,823</td>
<td>16,591</td>
</tr>
<tr>
<td>Total</td>
<td>11,087,762</td>
<td>9,889,846</td>
</tr>
</tbody>
</table>

The number of employees including both full time employees and part time employees measured on a full time equivalent basis is: 74.1 68.5
Key Executive Management

The key executive management personnel that had authority and responsibility for planning, directing and controlling the activities of the Authority during 2013–14 are detailed below.

<table>
<thead>
<tr>
<th>Position</th>
<th>Responsibilities</th>
<th>Current Incumbents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>Members are collectively responsible for the Authority's duties and responsibilities, in accordance with the QCA Act. The Chairman is also responsible for the collegiate functioning of the members and Ministerial liaison.</td>
<td>Governor in Council/QCA Act 1997</td>
</tr>
<tr>
<td>Deputy Chairman</td>
<td>Members are collectively responsible for the Authority's duties and responsibilities, in accordance with the QCA Act. In the absence of the Chairman, the Deputy chairman assumes the Chairman's responsibilities.</td>
<td>Governor in Council/QCA Act 1997</td>
</tr>
<tr>
<td>Member</td>
<td>Members are collectively responsible for the Authority's duties and responsibilities, in accordance with the QCA Act.</td>
<td>Governor in Council/QCA Act 1997</td>
</tr>
<tr>
<td>Chief Executive</td>
<td>The Chief Executive is responsible for management of the Authority in accordance with directions of the Members and the QCA Act.</td>
<td>Individual Contract issued by the Authority 5 August 2013 (15 November 2013)</td>
</tr>
</tbody>
</table>

The remuneration of Members is set by the Governor in Council. The remuneration of the Chief Executive is set by Members of the Authority.

Total Remuneration comprises:
- Short term benefits which include:
  - Base – consisting of base salary, allowances (nil) and leave entitlements paid and provided for the entire year
  - Non-monetary benefits – consisting of other employment benefits together with fringe benefits tax applicable to the benefit
- Long term employee benefits consisting of payments towards long service leave entitlements
- Post employment benefits consisting of superannuation contributions

Performance bonuses are not paid and no termination payment was made during the year.

1 July 2013 – 30 June 2014

<table>
<thead>
<tr>
<th>Position</th>
<th>Short Term Benefits</th>
<th>Long Term Benefits</th>
<th>Post Employment</th>
<th>Termination Benefits</th>
<th>Total Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Base</td>
<td>Non-Monetary Benefits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairman</td>
<td>390,883</td>
<td>-</td>
<td>8,209</td>
<td>17,714</td>
<td>416,806</td>
</tr>
<tr>
<td>Deputy Chairman</td>
<td>93,500</td>
<td>-</td>
<td>-</td>
<td>8,649</td>
<td>102,149</td>
</tr>
<tr>
<td>Member</td>
<td>84,150</td>
<td>-</td>
<td>-</td>
<td>7,784</td>
<td>91,934</td>
</tr>
<tr>
<td>Chief Executive</td>
<td>133,630</td>
<td>-</td>
<td>2,806</td>
<td>5,110</td>
<td>141,546</td>
</tr>
<tr>
<td>Total Remuneration</td>
<td>702,163</td>
<td>-</td>
<td>11,015</td>
<td>39,257</td>
<td>752,435</td>
</tr>
</tbody>
</table>
1 July 2012 – 30 June 2013

<table>
<thead>
<tr>
<th>Position</th>
<th>Short Term Benefits</th>
<th>Long Term Benefits</th>
<th>Post Employment</th>
<th>Termination Benefits</th>
<th>Total Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Base</td>
<td>Non-Monetary Benefits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairman</td>
<td>156,641</td>
<td>-</td>
<td>3,289</td>
<td>10,540</td>
<td>-</td>
</tr>
<tr>
<td>Chairman</td>
<td>39,465</td>
<td>-</td>
<td>-</td>
<td>3,246</td>
<td>-</td>
</tr>
<tr>
<td>Deputy Chairman</td>
<td>55,889</td>
<td>-</td>
<td>-</td>
<td>5,030</td>
<td>-</td>
</tr>
<tr>
<td>Deputy Chairman</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>19,658</td>
<td>-</td>
</tr>
<tr>
<td>Member</td>
<td>46,058</td>
<td>-</td>
<td>-</td>
<td>4,145</td>
<td>-</td>
</tr>
<tr>
<td>Member</td>
<td>27,385</td>
<td>-</td>
<td>-</td>
<td>2,465</td>
<td>-</td>
</tr>
<tr>
<td>Chief Executive</td>
<td>423,462</td>
<td>8,893</td>
<td>25,000</td>
<td>225,000</td>
<td>682,355</td>
</tr>
<tr>
<td>Total Remuneration</td>
<td>748,900</td>
<td>-</td>
<td>12,182</td>
<td>70,084</td>
<td>225,000</td>
</tr>
</tbody>
</table>

Note 5:
Supplies and Services

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialist Services</td>
<td>5,879,464</td>
<td>5,185,989</td>
</tr>
<tr>
<td>Occupancy Costs (including operating lease rentals)</td>
<td>1,515,232</td>
<td>2,113,254</td>
</tr>
<tr>
<td>Information Technology Costs</td>
<td>394,259</td>
<td>359,865</td>
</tr>
<tr>
<td>Travel and Accommodation Costs</td>
<td>74,002</td>
<td>51,400</td>
</tr>
<tr>
<td>Bank Fees and Charges</td>
<td>18,707</td>
<td>14,417</td>
</tr>
<tr>
<td>General Administration Costs</td>
<td>256,002</td>
<td>266,696</td>
</tr>
<tr>
<td>Other</td>
<td>287,450</td>
<td>235,002</td>
</tr>
<tr>
<td>Total</td>
<td>8,425,117</td>
<td>8,226,623</td>
</tr>
</tbody>
</table>

Note 6:
Other Expenses

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>External Audit Fees*</td>
<td>21,310</td>
<td>23,000</td>
</tr>
<tr>
<td>Insurance Premiums</td>
<td>17,830</td>
<td>11,795</td>
</tr>
<tr>
<td>Total</td>
<td>39,140</td>
<td>34,795</td>
</tr>
</tbody>
</table>
*There are no non-audit services included in this amount.

Note 7:
Cash and Cash Equivalents

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
</table>
| 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 in under one working day at their face value. The organisation does not have any borrowing or overdraft facilities. Of this cash balance $4,972,586 relates to unearned revenue (see note 2(k)).

Balance

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at Bank</td>
<td>128,708</td>
<td>398,095</td>
</tr>
<tr>
<td>Cash on Hand</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>Cash with QTC</td>
<td>12,876,454</td>
<td>9,467,277</td>
</tr>
<tr>
<td>Total</td>
<td>13,005,661</td>
<td>9,865,872</td>
</tr>
</tbody>
</table>
Note 8:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Receivables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Debtors</td>
<td>-</td>
<td>3,516,872</td>
</tr>
<tr>
<td>Other</td>
<td>64,766</td>
<td>913,600</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td>64,766</td>
<td>4,430,472</td>
</tr>
<tr>
<td><strong>GST Receivable</strong></td>
<td>163,867</td>
<td>200,583</td>
</tr>
<tr>
<td><strong>GST Payable</strong></td>
<td>(3,902)</td>
<td>(319,716)</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td>159,965</td>
<td>(119,133)</td>
</tr>
<tr>
<td><strong>Total Receivables</strong></td>
<td>224,731</td>
<td>4,311,339</td>
</tr>
</tbody>
</table>

Note 9:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepayments</td>
<td>256,745</td>
<td>126,840</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>256,745</td>
<td>126,840</td>
</tr>
</tbody>
</table>

Note 10:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Plant and Equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At Cost</td>
<td>3,996,798</td>
<td>3,705,769</td>
</tr>
<tr>
<td><strong>Less: Accumulated Depreciation</strong></td>
<td>(612,998)</td>
<td>(261,035)</td>
</tr>
<tr>
<td><strong>Total Plant and Equipment</strong></td>
<td>3,383,800</td>
<td>3,444,735</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Plant and Equipment Reconciliation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening Carrying Amount (as at 1 July)</td>
<td>3,444,735</td>
<td>175,427</td>
</tr>
<tr>
<td>Additions</td>
<td>309,775</td>
<td>3,431,539</td>
</tr>
<tr>
<td><strong>Disposals at Carrying Amount</strong></td>
<td>-</td>
<td>(3,950)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(370,710)</td>
<td>(158,282)</td>
</tr>
<tr>
<td><strong>Closing Carrying Amount (as at 30 June)</strong></td>
<td>3,383,800</td>
<td>3,444,735</td>
</tr>
</tbody>
</table>

The Authority has plant and equipment with an original cost of $186,399 and a written down value of zero still being used in the provision of services. 22% of these assets with a gross cost of $41,843 are expected to be replaced in 2014–15 with the remaining 78% to be replaced in subsequent years.

Note 11:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Payables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>60,806</td>
<td>34,317</td>
</tr>
<tr>
<td>Trade Creditors</td>
<td>312,979</td>
<td>662,462</td>
</tr>
<tr>
<td>Audit Fees Payable</td>
<td>21,310</td>
<td>23,000</td>
</tr>
<tr>
<td><strong>Other Payables</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>395,094</td>
<td>719,779</td>
</tr>
</tbody>
</table>
### Note 12:

**Accrued Employee Benefits**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>869,185</td>
<td>823,318</td>
</tr>
<tr>
<td>Salaries Payable</td>
<td>37,747</td>
<td>233,788</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>906,932</td>
<td>1,057,106</td>
</tr>
<tr>
<td><strong>Non-Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>887,768</td>
<td>816,776</td>
</tr>
</tbody>
</table>

### Note 13:

**Other Liabilities**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unearned Revenue</td>
<td>4,972,586</td>
<td>4,034,868</td>
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<td>Lease Incentive</td>
<td>330,000</td>
<td>330,000</td>
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<td><strong>Total</strong></td>
<td>5,302,586</td>
<td>4,364,868</td>
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<td><strong>Non-Current</strong></td>
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<tr>
<td>Lease Incentive</td>
<td>2,475,000</td>
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### Note 14 (a):

**Operating Lease Commitments**

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<td>Not later than one year (inclusive of GST)</td>
<td>1,952,506</td>
<td>1,872,907</td>
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<tr>
<td>Later than one year but not later than five years (inclusive of GST)</td>
<td>8,681,556</td>
<td>8,327,864</td>
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<tr>
<td>Later than five years (inclusive of GST)</td>
<td>8,875,072</td>
<td>11,181,270</td>
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<tr>
<td><strong>Total commitments</strong></td>
<td>19,509,133</td>
<td>21,382,041</td>
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### Note 14 (b):

A bank guarantee in favour of the Landlord for $970,608 being equivalent to six months rent has been issued. This is enforceable should the Authority default on its lease commitments.

### Note 15:

**Events Occurring after Balance Date**

On 14th July 2014, the Authority appointed Mr John Hindmarsh as Chief Executive Officer.
CERTIFICATE OF QUEENSLAND COMPETITION AUTHORITY

This general purpose financial report has been prepared pursuant to s.62(1)(a) of the Financial Accountability Act 2009 (the Act) relevant sections of the Financial and Performance Management Standard 2009, and other prescribed requirements. In accordance with s.62(1)(b) 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 financial 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 2014 and of the financial position of the Authority at the end of that year; and

c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

Chairman
M Roberts
BA (Hons) PhD GAICD
7 August 2014

Chief Executive Officer
J B Hindmarsh
MBA GAICD
7 August 2014
INDEPENDENT AUDITOR’S REPORT

To the Board of Queensland Competition Authority


I have audited the accompanying financial report of Queensland Competition Authority, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chairman.

The Board’s Responsibility for the Financial Report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the Financial Accountability Act 2009 and the Financial and Performance Management Standard 2009, including compliance with Australian Accounting Standards – Reduced Disclosure Requirements. The Board’s responsibility also includes such internal control as the Board determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the Auditor-General of Queensland Auditing Standards, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about 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 the risks of material misstatement of 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 of the financial report that gives a true and fair view 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 used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements 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 all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only 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.

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 relation to the establishment and keeping of accounts have been complied with in all material respects; and
   (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards – Reduced Disclosure Requirements, of the transactions of Queensland Competition Authority for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year.

Other Matters – Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

M J KEANE CA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
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<td>Australian Energy Market Operator</td>
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<tr>
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<td>AREC</td>
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<td>CPI</td>
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<td>Queensland Competition Authority</td>
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<tr>
<td>Term</td>
<td>Definition</td>
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APPENDICES
APPENDIX A: LETTER OF COMPLIANCE

Queensland Competition Authority

File Ref: 764449
12 September 2014

The Hon. Tim Nicholls MP
Treasurer and Minister for Trade
Level 9, Executive Building
100 George Street
BRISBANE QLD 4000

Dear Treasurer

QCA Annual Report 2013–14

I am pleased to present the Annual Report 2013–14 and financial statements for the Queensland Competition Authority.

I certify that this Annual Report complies with:

(a) the prescribed requirements of the Financial Accountability Act 2009 and the Financial and Performance Management Standard 2009, and

(b) the detailed requirements set out in the Annual report requirements for Queensland Government agencies.

A checklist outlining the annual reporting requirements can be found at page 71 of this annual report or accessed at qca.org.au/AR-2013-14

Yours sincerely

[Signature]
Malcolm Roberts
Chairman

Level 27, 145 Ann Street, Brisbane Q 4000
GPO Box 2297, Brisbane Q 4001
Tel (07) 3222 9899
www.qca.org.au
## APPENDIX B: COMPLIANCE CHECKLIST

<table>
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<th>Basis for requirement</th>
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<td>ARRs – section 11.1 6-7</td>
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<td>ARRs – section 11.2 6-7, 16-45</td>
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<td>ARRs – section 11.3 42-45</td>
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<td>ARRs – section 12.1 11-13, 16-45</td>
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FAA  Financial Accountability Act 2009  
FPMS  Financial and Performance Management Standard 2009  
ARRs  Annual report requirements for Queensland Government agencies
Annual report access

Additional copies
A copy of this report can be obtained by contacting us as follows:

Email annualreport@qca.org.au
Mail Executive Support Officer
Queensland Competition Authority
GPO Box 2257
Brisbane Q 4001
Phone (07) 3222 0555
Fax (07) 3222 0599
This report is available online and in PDF format on our website: qca.org.au/AR-2013-14

Open data
Further information is available through the Queensland Government’s Open Data website: qld.gov.au/data

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