



3 February 2016

Mr John Hindmarsh  
Chief Executive Officer  
Queensland Competition Authority

Dear John

**2016 QCA Fee Framework**

DBCT Management (DBCTM) welcomes the opportunity to comment on the draft QCA fee framework for 2016.

In July 2011, the QCA approved an amendment to the DBCT access undertaking providing for the full pass-through of QCA fees to DBCT's access holders. At the time, the fee was fixed for the financial year and advised in May for inclusion in DBCT's annual ARR roll-forward, providing certainty to the stakeholders for this component of the ARR.

DBCTM has some concern regarding the transparency of the proposed process for stakeholders, in particular the potential for real or perceived windfall gains or losses for the regulated entity. We take this opportunity to propose an alternative approach for your consideration, which recaptures the simplicity of the previous approach while maintaining transparency for all stakeholders. However, DBCTM has no specific objection to the QCA's proposed framework for 2016.

DBCTM's alternative approach is detailed in Attachment 1.

Please contact us if you have any queries or require more information.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Jonathan Blakey', with a long, sweeping horizontal line extending to the right.

Jonathan Blakey  
Commercial and Regulatory Manager  
**DBCT Management**

## Attachment 1 — Alternative approach

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DBCTM proposes an alternative approach which should provide the following benefits:

- Better alignment of invoicing and notifications
- Eliminate windfall gains and losses by regulated entities (whether perceived or actual), concerns about interest on the cashflows, and working capital impacts with respect to timing
- Improve transparency and auditability of the process

The general steps of the process are as follows.

1. In March, the QCA will calculate the estimated fees for the regulated entity for the next financial year, and will also calculate the fee true-up for the previous financial year. (For this upcoming financial year 2016-17, the true-up will be zero since this has already been charged and settled in October 2015.)
2. In April, the QCA will issue an invoice for the true-up for the prior financial year and the quarterly invoice for the current year's charge (both payable in May), and a notification of the estimate for the next financial year.
3. In May, the regulated entity will include as part of their roll-forward the true-up amount invoiced above as well as the estimate for the next financial year. In this way the entity may then confidently include a single charge to pass through to its access holders, who will be satisfied that the entity is not receiving any potential unintended windfall gain or loss (whether perceived or real), and neither the entity nor its access holders will face working capital exposure.