



Annual Report 2011-12

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Chairperson's Introduction

This report gives details of the activities of the Queensland Competition Authority over the financial year 2011-12, in regulating Queensland's coal-export infrastructure (ports and rail), its electricity and gas markets and the water sector. It also reports on the establishment of a new research unit established during the year and notes that the *Queensland Competition Authority Act 1997* (the QCA Act) was amended in June 2012 extending the range of matters that the Ministers can refer to the Authority for investigation. This allowed the establishment of the Office of Best Practice Regulation (OBPR) *via* which the Authority will be advising on the measurement of and reduction in the burden of a wide range of government regulations.

A key activity as far as the coal-export infrastructure is concerned has been the attempt to resolve issues that were left unresolved in the 2010 QR Network Access Undertaking. Most important is an investment framework that seeks to introduce user-funding options for network. Progress on solving the practical problems associated with this has been disappointingly slow. Resolution will lighten the hand of regulation by replacing the need for the Authority to adjudicate on appropriate funding conditions on a case-by-case basis with a competitive mechanism. The problems of relying on case-by-case adjudication are well illustrated by the approval process for the Wiggins Island Rail Project. Drawn out by delays in identifying that negotiations were formally underway and by court action that QRN eventually withdrew, this process ran from early 2011 until May 2012.

As in previous years, the Authority's most prominent role in the electricity and gas markets is its setting of regulated retail electricity tariffs. For prices to apply in 2012-13, the Authority used a new N (network) + R (retail) approach, designed to ensure that tariffs reflected costs more accurately than under the previous Benchmark Retail Cost Index (BRCI) method. This led to modest increases in the tariffs, due largely to the introduction of the carbon-pricing scheme and reflecting the current relatively low level of wholesale electricity prices. I note, however, that the Authority's 2012-13 determination is currently under legal challenge by Origin Energy.

With regard to the water sector, the Authority undertook three main activities: continuation of its monitoring of the prices, costs and revenues of the South East Queensland (SEQ) water retailers; investigating and recommending the grid service charges paid by the Water Grid Manager for the supply of bulk water; and a major review of the prices to be charged by SunWater for the supply of water to irrigators over the period out to 2017. The recommendations of the SunWater review identified significant potential cost savings, rebalanced irrigation prices to better reflect cost drivers and sought to promote improved engagement between SunWater and its irrigation customers. The recommendations have all been accepted by the State government.

The Authority has established a new research unit and appointed a highly qualified economist with extensive policy experience to head it. The unit will provide technical support across all areas of the organisation and ensure that the Authority remains a leader in regulatory thinking and practice.

In closing, I would like, once again, to acknowledge the great effort that has been required, especially by the Authority's employees but also by my fellow Members, in meeting the Authority's challenging responsibilities. I thank them all for their efforts over the last year and am confident that they will continue to rise to whatever challenges are thrown up by what I hope will be an expanded range of responsibilities in the year ahead.



Brian R Parmenter
Chairperson
23 August 2012

The Authority

In Brief

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

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

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

The Authority seeks to do this in three main ways:

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

The Full Picture

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

Goals and Functions

Established as an independent Statutory Authority in 1997, the Authority's primary role is to ensure that key monopoly businesses operating in Queensland do not abuse their market power through unfair pricing or restrictive access arrangements.

In doing so, the Authority seeks to provide sensible, forward-looking solutions and recommendations which are capable of practical implementation and which facilitate compliance with the principles of national competition policy.

Responsibilities

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

Monopoly Prices Oversight

'Monopolies should not abuse their market power'

Monopoly prices oversight seeks to ensure that certain government and non-government monopolies or near monopolies do not charge excessive prices for their products or services. Such monopolies may have the ability to charge excessively either because no competitors exist or those that do are not effective.

Through the prices oversight process, the Authority either investigates the pricing practices of such monopolies or simply monitors their

pricing practices. Which of these particular functions is performed depends on the referral the Authority receives from the Ministers responsible for administering the QCA Act (currently the Treasurer and Minister for Trade and the Attorney-General and Minister for Justice), as the Authority only performs these functions on request from the Ministers.

Third Party Access

'Essential infrastructure should be accessible to all potential users'

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

Competitive Neutrality

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

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

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

General Issues

Under section 10(e) of the QCA Act, the Ministers can direct the Authority to examine and report on any matter relevant to the implementation of competition policy.

In addition to its responsibilities under the QCA Act, the Authority has responsibilities under the *Electricity Act 1994*, the Electricity Industry Code, the *Gas Supply Act 2003* and the Gas Industry Code where it has responsibilities in relation to

service quality and setting of retail electricity prices.

The Authority also has responsibilities under the *Local Government Act 1993* and the *Local Government Act 2009* with respect to the application of competitive neutrality principles by local government business activities.

In addition, the Authority has responsibilities under the South East Queensland (SEQ) Water Market Rules pursuant to the *Water Act 2000* in relation to the charges payable to bulk water suppliers for the supply of bulk water to SEQ distributor-retailers.

Legislative Changes

The QCA Act was amended on 30 June 2012. The amendments to section 10 extended the Ministers' powers to direct the Authority to investigate and report on matters related to competition, industry, productivity or best practice regulation.

Under direction from Ministers, the Authority is to review and report on regulatory assessment statements and existing regulation. In line with these changes and as directed by Ministers, on 2 July 2012 the Office of Best Practice Regulation began operations.

Application

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

- Ports
- Electricity
- Gas
- Water
- Rail
- Competitive Neutrality
- Best Practice Regulation

Members of the Authority

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

Mr Brian Parmenter BA (Hons), MA

Chairman – Appointed in 2005, Mr Parmenter has worked in Brisbane as a part-time consultant with Frontier Economics and in a number of executive positions with Tactical Global Management Ltd (TGM), a Brisbane-based funds management firm. Before relocating to Brisbane in 2000, he was Professor of Applied Economics in the Centre of Political Studies at Monash University, a member of the Monash University Council and Chairman of the TGM Board.

Mr Mark Christensen BBus MFM CPA FSIA

Deputy Chairman – Appointed in 2005, Mr Christensen is a consultant specialising in advice on financial analysis, valuation and capital structures issues. Until August 2009, Mr Christensen was a Senior Lecturer in the School of Economics and Finance at the Queensland University of Technology with over 25 years experience. Mr Christensen is actively involved in executive education within the broader business community and is also an author of finance texts.

Professor Justin Malbon LLB LLM PhD Barrister

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

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

Member – Appointed in 2008, Ms Pitkin is a professional non-executive director. Ms Pitkin holds board positions with corporations in the public, private and non-profit sectors. Ms Pitkin is a former corporate partner with a leading Australian law firm and a Queensland Division Councillor of the Australian Institute of Company Directors.

Dr David Watson BCom (Hons) AAUQ MA PhD FCA FCPA

Member – Appointed in 2009, Dr Watson is the Chairman of Translational Research Institute Pty Ltd and a Director of Major Brisbane Festivals Pty Ltd. Dr Watson is a member of the Editorial Board of the Australian Accounting Review, the Board of Nominations of the Accounting Hall of Fame (USA) and the University of Queensland Finance Committee. Dr Watson is a former Cabinet Minister (Public Works and Housing) in the Queensland Government, and prior to that, was Professor of Accounting & Business Finance and Dean of the Faculty of Commerce and Economics at the University of Queensland.

Chief Executive

Mr E John Hall BCom BEcon MBA AAUQ FAICD

Mr Hall has been Chief Executive of the Authority since its inception in 1997. Mr Hall has extensive senior executive experience in the public and private sectors, including more than 20 years at chief executive level. Mr Hall is also an experienced company director, having held board positions, including those of Chairman and Deputy Chairman, with a number of public and private enterprises, including listed public companies and major statutory authorities. Mr Hall is currently a director of Sunshine Coast Destination Limited.

Senior Staff

Mr Paul Bilyk *BEcon (Hons)*

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

Dr John Fallon *BEcon (Hons Ec Stats) MA (Econ) PhD (Econ)*

Director – Dr Fallon has extensive experience in economic regulation, economic development and public policy. Dr Fallon 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. Dr Fallon has worked as an economic consultant on a wide range of economic policy and regulatory matters advising private and public clients and international organisations. Dr Fallon joined the Authority in 2012 where he is Director of Research.

Mrs Robyn Farley-Sutton *BCom BEcon*

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

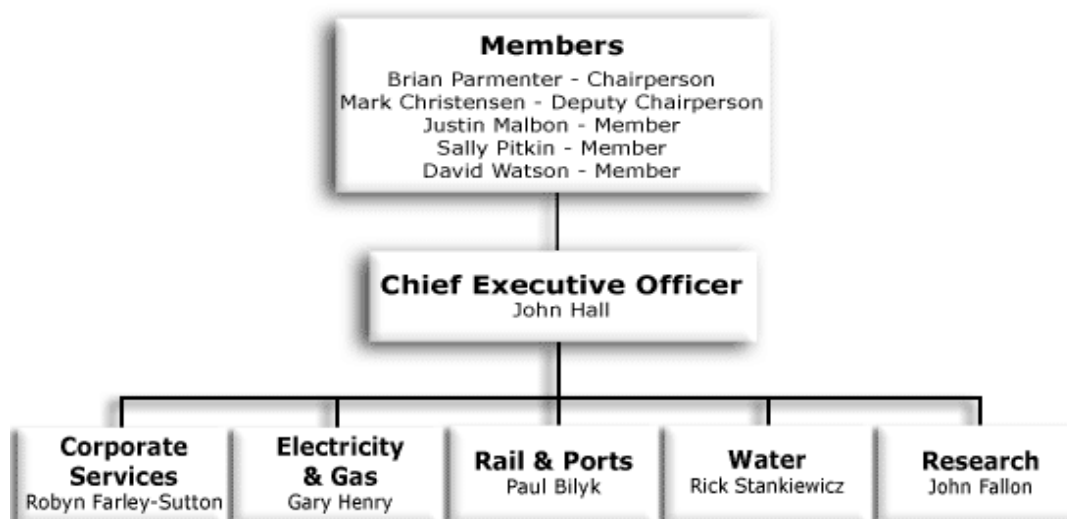
Mr Gary Henry *BCom (Econ)*

Director – Mr Henry joined the Industries Assistance Commission in 1984 and worked on a range of industry inquiries with the Commission. In 1990, Mr Henry moved to the Northern Territory Treasury where he held a number of senior positions before being appointed Deputy Under Treasurer in 1996. Mr Henry commenced as a Director with the Authority in 2000 when he assumed responsibility for the energy regulation issues covered by the Authority.

Mr Rick Stankiewicz *BEcon MEconStuds MProfAcc MBA*

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

Organisation Chart as at 30 June 2012



Rail

In Brief

On 1 July 2010, the Queensland Government split QR Ltd into two separate companies. QR National operates a rail freight business and, through its wholly owned subsidiary QR Network, the coal network in central Queensland. QR National was privatised on 22 November 2010. Queensland Rail, which remains a State Government Owned Corporation, operates the state's passenger trains and the rail network outside central Queensland.

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

QR Network's approved 2010 access undertaking sets out the general terms and conditions for the negotiation of access agreements for coal train services in central Queensland. It contains reference tariffs, and outlines the mechanism for variations to reference tariffs, for these services. The 2010 access undertaking is scheduled to terminate on 30 June 2013.

Queensland Rail's below-rail network is subject to the 2008 access undertaking which is scheduled to terminate on 31 December 2012.

The Full Picture

The two rail access undertakings set out the terms and conditions under which each of QR Network and Queensland Rail will provide access to the relevant parts of its rail (track) infrastructure. The undertakings identify the railway managers' obligations including access negotiation frameworks, ring-fencing and reporting requirements. They also set out reference tariffs, and the mechanism for varying reference tariffs, for coal train services in central Queensland and on the western system.

QR Network's 2010 Access Undertaking

QR Network's 2010 access undertaking, as approved by the Authority on 1 October 2010, included finalised positions on key issues including pricing principles and non-pricing issues such as ring-fencing arrangements, regulatory reporting and auditing requirements.

However, the Authority's Final Decision on QR Network's 2010 access undertaking also provided for processes to be embodied in the undertaking

enabling further consideration of matters such as the investment framework, revised standard access agreements, a standard rail connection agreement and performance incentives.

In addition, the undertaking provided for the Authority to conduct a number of regular annual approval processes, including of reference tariffs, revenue cap adjustments and prudence of capital expenditure, as well as some ad hoc approval processes, including proposed access conditions associated with new investments and defined review events.

Wiggins Island Rail Project (WIRP)

In early 2011, QR Network commenced discussions with several mining companies regarding proposed access conditions for the construction of rail infrastructure to support stage 1 of the proposed Wiggins Island Coal Export Terminal development.

In April 2011, the Authority requested that QR Network issue an Access Conditions Report, as required by its access undertaking. QR Network subsequently provided a report that it considered an Access Conditions Report developed in compliance with the undertaking's requirements.

In accordance with the undertaking, the Authority approved a 120-day access conditions negotiation period, which expired on 8 September 2011. On 15 September 2011, QR Network submitted to the Authority for approval a set of access conditions that had been agreed with the miners. QR Network and the miners claimed confidentiality over aspects of the information provided.

On 14 November 2011, the Authority informed QR Network and the miners that it did not accept QR Network's claim for confidentiality. QR Network subsequently commenced legal proceedings to restrict the extent and nature of the material on which the Authority could conduct public consultation.

The legal proceedings were subsequently withdrawn by QR Network and the Authority commenced the public consultation process on 17 February 2012.

Given the proposed access conditions were submitted to the Authority with the support of the miners, the Authority assessed them against

the criteria in QR Network's access undertaking that apply in this circumstance.

On 25 May 2012, the Authority made a Final Decision to approve QR Network's proposed access conditions for the WIRP.

QR Network's Standard User Funding Agreement (SUFA) and Investment Framework Amendments

QR Network's 2010 access undertaking required QR Network to submit a proposed SUFA and amendments to the undertaking that it considered reasonably necessary to fully implement the undertaking's investment principles.

QR Network submitted a proposed SUFA and accompanying draft amending access undertaking (DAAU) to the Authority on 24 December 2010. However, the DAAU did not fully comply with the requirements of the 2010 undertaking.

QR Network subsequently conceded that its initial SUFA model was unworkable and developed a new model, which was provided to stakeholders, and informally to the Authority, in November 2011.

QR Network then commenced a negotiation process with a working group of coal producers with the intention of refining the model and reaching a consensus in relation to a significant number of outstanding areas of disagreement, prior to formally submitting a new model for approval by the Authority. Given the complexity of the issues involved, this negotiation process will continue into 2012-13.

QR Network formally withdrew the original DAAU on 30 April 2012.

The SUFA will provide a mechanism for coal miners to invest directly in extensions of the central Queensland network as a genuine alternative to investment by QR Network. The Authority believes that finalising a workable SUFA is necessary to facilitate timely and efficient investment in coal rail infrastructure, both by enabling users to invest themselves, and by constraining QR Network's ability to demand excessive returns for its own investments.

QR Network's Reference Tariffs

QR Network's 2010 undertaking provides for an annual review of reference tariffs for the central Queensland coal region. This process allows

reference tariffs to be varied to account for revised volume forecasts, under- or over-recovery of revenue in the previous year and differences between actual and forecast maintenance and operating costs.

In June 2012, the Authority approved a QR Network proposal that provides for an average 17% increase in tariffs – primarily driven by an under-recovery of revenues in 2010-11 and reduced volume forecasts for 2012-13, the latter attributed to a mix of factors including:

- a downturn in the EU zone, leading to a reduced demand for manufactured goods, in turn causing a reduced demand for both metallurgical and thermal coal in key Queensland export markets;
- re-balancing of growth in China, with forecast Chinese economic growth in 2012 reducing from 8.0% to 7.5%;
- flooded mines, caused by on-going effects of the 2010-11 floods and heavy rains late into the 2011-12 wet season; and
- increased industrial action at central Queensland mines.

QR Network's Standard Rail Connection Agreement (SRCA)

QR Network's 2010 access undertaking required it to develop a proposed SRCA for the Authority's approval. The SRCA is intended to set out standard terms and conditions for connection of private infrastructure to the network, thereby simplifying the negotiation process for enabling private connections to be made.

QR Network submitted a proposed SRCA for the Authority's consideration and, on 27 June 2012, the Authority made a Draft Decision proposing not to approve QR Network's proposed SRCA and to instead require substantial amendments. These amendments seek to:

- provide greater certainty for private infrastructure owners (coal miners) who wish to connect to the network;
- better balance QR Network's and miners' commercial interests;
- ensure responsibilities are appropriately allocated between parties;

- address concerns QR Network could delay interconnection and undermine the ability of miners to connect private infrastructure to the network; and
- ensure the SRCA is consistent with the access undertaking.

Assessing QR Network's Capital Expenditure

QR Network's 2010 access undertaking provides for the Authority to annually review, and include in the regulated asset base (RAB) if appropriate, the capital expenditure undertaken in the central Queensland coal region in the previous year.

QR Network's 2009-10 capital expenditure claim was for \$309.2 million, of which \$193.5 million was claimed for the below-rail part of the Jilalan rail yard project, which was a joint above-rail/below-rail project. The Authority's assessment of this project proved particularly problematic due to the difficulty of appropriately allocating costs between the above-rail and below-rail parts of the project.

In March 2012, the Authority released its Final Decision to approve \$282.2 million in capital expenditure for 2009-10, with the original claim reduced by:

- \$17.3 million for the below-rail component of the Jilalan project; and
- \$9.8 million due to a mix of seed funding, double-counting and timing issues.

In June 2012, the Authority approved QR Network's 2010-11 capital expenditure claim, which was for \$119.5 million, including \$87.1 million for the Coppabella to Ingsdon duplication, a major network capacity expansion project on the Goonyella system.

Alternative Access Charge

On 27 October 2011, QR Network submitted to the Authority for approval a proposed alternative access charge (tariff) for a new coal haulage train service to operate between the Colton mine (near Maryborough) and the Port of Gladstone.

QR Network argued that, as the proposed service would use only a small part of its declared rail infrastructure, the application of the nearest relevant reference tariff may not provide an appropriate balance of interests between the user of the service and existing users.

Instead, QR Network proposed an alternative access charge that it believes better reflects the

opportunity cost of the train paths utilised. On this basis, QR Network proposed a two-part tariff based on the incremental maintenance tariff component for the Moura system and a train path charge. This required QR Network to seek permission to vary some of its access undertaking's normal tariff setting requirements.

On 3 April 2012, the Authority released its Final Decision to approve the QR Network proposal. In summary, the rationale for this decision was primarily based on:

- the unusual nature of the proposed service, with it utilising only a short section of QR Network's infrastructure, using shorter trains than the trains operating on other systems, and with train paths being offered on a 'subject to availability' basis only;
- the proposal appearing to provide benefits to the parties involved, without adversely impacting on existing access holders' rights and entitlements;
- the view that the proposed alternative access charge represented a reasonable proxy for the opportunity cost of train paths utilised; and
- the arrangement being for a temporary period only, to assist in the early development of the Colton mine and reduce the ramp-up profile of the mine.

Queensland Rail

Queensland Rail was formed on 30 June 2010 as a government-owned business to own and manage the assets outside central Queensland, which the government did not sell in its privatisation of QR National Limited. Queensland Rail provides passenger train services in the state and also operates the track network in SEQ, the western system and the Mount Isa and north coastal lines. Queensland Rail is, therefore, vertically integrated only with respect to its provision of passenger services.

Queensland Rail is currently regulated under the 2008 undertaking the Authority approved for QR Network, as amended in June 2010 to include new tariffs for western system coal train services. The undertaking applies to Queensland Rail through a transfer notice published by the Queensland Government in June 2010 as part of the restructuring of QR Ltd prior to the privatisation of QR National Limited. The transfer notice also exempts Queensland Rail from aspects of the 2008 undertaking that are not relevant as it is no longer

vertically integrated in providing above-rail freight services.

On 27 October 2011, the Authority approved a DAAU submitted by Queensland Rail, to amend the western system take-or-pay rules contained in its access undertaking. The amendments provided for adjustment to the take-or-pay formula to ensure that it is consistent with the tariff formula in the undertaking.

On 3 April 2012, the Authority approved amendments to Queensland Rail's costing manual intended to reflect the company's separation from QR National Limited. The revised costing manual applies to preparation of the regulatory accounts for the 2010-11 and 2011-12 financial years.

On 27 June 2012, the Authority approved a DAAU to extend the term of the 2008 undertaking until 31 December 2012. This followed the submission by Queensland Rail, on 30 March 2012, of a new proposed voluntary draft access undertaking (DAU), on which the Authority has commenced a public consultation process, including releasing an issues paper to stakeholders in April 2012.

The Year Ahead

QR Network

In 2012-13, the Authority will continue to address a number of matters that remain outstanding from the 2010 undertaking approval process. These include:

- the SUFA and associated investment framework amendments;
- developing and releasing a Final Decision on QR Network's proposed SRCA;
- developing and releasing a Final Decision on QR Network's proposed alternative standard access agreements, which will enable miners to control their own access rights by directly entering into access agreements with QR Network;
- assessing QR Network's proposed draft incentive mechanism;
- developing and releasing a Final Decision on the electric infrastructure DAAU; and
- the preparation by QR Network of a network condition report.

As the QR Network's 2010 access undertaking terminates on 30 June 2013, the Authority also expects to commence an assessment of a new DAU, which it is anticipated QR Network will submit for approval in late 2012 or early 2013.

Queensland Rail

In 2012-13, the Authority will continue its assessment of the DAU that was submitted for approval by Queensland Rail on 30 March 2012.

Ports

In Brief

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

DBCT has been gradually expanded to 85 million tonnes per annum (mtpa) in various stages.

In 2011-12, the Authority approved outstanding expenditures related to these expansions.

The Full Picture

2010 DBCT Access Undertaking

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

The 2010 undertaking sets out the terms and conditions under which DBCT Management will provide access to the terminal for 5.5 years from 1 January 2011.

Reclaimer Insurance Proceeds

In August 2011, DBCT Management sought approval to adjust the asset base and reference tariff to reflect the settlement of an insurance claim for a reclaimer (RL1) that had collapsed in 2004.

In late 2006, DBCT Management completed a 'short gain' expansion of the terminal to increase capacity from 54.5 mtpa to 59 mtpa which included a new machine to replace RL1. At the time, the Authority retained the value of the original reclaimer in the regulatory asset base and approved higher DBCT revenues and tariffs that included the costs associated with the replacement RL1, on the basis that an adjustment would subsequently occur once insurance payments were received.

In September 2011, following a review of the prudence of DBCT Management's claims and

settlement processes, the Authority approved DBCT Management's application and adjusted DBCT revenues and tariffs accordingly. This included a one-off payment from DBCT Management to terminal users to reflect previous overpayments.

Finalisation of DBCT Expansion Capital Expenditure

In 2010, the DBCT 7x expansions from 60 to 85 mtpa were completed.

In November 2011, DBCT Management sought approval for an additional \$8.7 million in outstanding capital expenditures related to the 7x expansions which it had not previously submitted. These costs generally reflected post-commissioning works, management of the construction close-out process and compliance with certain statutory requirements required to complete the approved expansions.

In December 2011, following a review of the prudence of these expenditures, the Authority approved DBCT Management's application and adjusted DBCT revenues and tariffs accordingly.

Non-expansion Capital Expenditure

In May 2012, DBCT Management sought approval for \$19.7 million in non-expansion capital expenditure (NECAP). These NECAP works related to compliance with statutory obligations (e.g. occupational health and safety regulations) or which were outside the terminal's annual maintenance processes.

In June 2012, Authority approved DBCT Management's application under the streamlined approvals process contained in the 2010 undertaking and adjusted DBCT revenues and tariffs accordingly.

Roll-forward

The undertaking provides for the Authority to annually approve the roll-forward of the terminal's regulated revenues and tariff to account for the impact of inflation. In May 2011, DBCT Management submitted, and the Authority approved, an increase in the terminal's tariff.

As a result, on 1 July 2012, the reference tariff for DBCT was \$2.9018/tonne.

The Year Ahead

The Authority anticipates that its involvement with the expansion of DBCT is largely complete as further export capacity is developed through

other terminals and not through the existing DBCT facility.

The Authority expects to be involved in on-going matters regarding improvements of the Goonyella coal chain.

Given the continued growth in mineral exports from Queensland, the Authority may receive applications to declare for third party access either existing facilities or new export terminals.

Water

In Brief

The Authority continued its interim price monitoring of South East Queensland (SEQ) water and wastewater distribution and retail businesses in 2011-12.

The Authority released its Final Report in July 2011 recommending Grid Service Charges (GSCs) to apply to bulk water suppliers in SEQ for 2011-12. The Draft Report for the 2012-13 GSCs was released on 30 April 2012 and a Final Report is due to be provided to the Minister on 30 June 2012.

The Authority 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.

The Authority also commenced its investigation into irrigation prices to apply to seven Seqwater WSS.

The Full Picture

Monitoring of SEQ Water Retailers

The Authority's price monitoring role relates to the prices, costs and revenues of Queensland Urban Utilities (QUU), Allconnex Water (Allconnex) and Unitywater. In this second year of the three-year price monitoring period, the Authority monitored:

- the annual change in retail water and wastewater prices for households and small business customers against the CPI cap of 3.6%;
- the annual change in revenue from non-capped services against the change in the prudent and efficient costs of the activity; and
- the revenues of each activity against prudent and efficient costs.

The Authority released a Draft Report for 2011-12 in January 2012. The 2011-12 Report was finalised by 31 March 2012.

The Authority found no evidence of an exercise of monopoly power in 2011-12. The Authority also noted that opportunities for the entities and participating councils to seek efficiencies in the costs of providing retail and distribution water and wastewater services should continue to be identified and pursued.

Bulk Water Grid Service Charges – SEQ

Grid Service Charges (GSCs) are paid by the Water Grid Manager to the Grid Service Providers (GSPs), Seqwater (since 1 July 2011 merged with WaterSecure) and LinkWater, for the provision of declared water services (essentially the supply of bulk water to SEQ water retailers).

Under SEQ Water Market Rules (the Market Rules), in February 2011, the Authority was directed by the Minister to investigate and recommend GSCs for 2011-12, as well as a process for adjustments to the GSCs, including Review Thresholds.

Essentially, the Authority was required to assess the prudence and efficiency of new non-drought capital expenditure and post-commissioning drought capital expenditure, as well as the efficiency of fixed and variable operating costs. Drought-related capital expenditure was to be accepted as prudent and efficient and rolled into the asset base at project cost. The Authority was also required to accept the regulatory asset base and the rate of return set by Government.

The Authority's Draft Report was released on 30 May 2011 and following consideration of submissions, the Authority released a Final Report on 30 July 2011. The Final Report recommended a total GSC of \$911 million, equivalent to \$3,299/ML. The Price Regulator (the Minister) accepted the Authority's GSC recommendations on 20 October 2011.

In October 2011, the Authority was again directed by the Minister to investigate GSCs for 2012-13. As part of this investigation, the Authority was required to undertake a detailed review of fixed and variable operating costs, including undertaking an appropriate benchmark review and to provide advice on potential efficiency improvements and business savings based on good industry practice.

The Authority released its Draft Report on 30 April 2012, and its Final Report is due for release in early 2012-13.

Irrigation Prices for SunWater Schemes

The Authority was directed to recommend irrigation prices to apply to 22 SunWater bulk WSS and eight distribution systems from 1 July 2012 to 30 June 2017 (a five-year price path).

The Authority recommended a reduction of:

- approximately \$97.5 million of SunWater's \$637.5 million of past and proposed renewals expenditure (nominal values);
- 2.7% in 2012-13 increasing to 8.93% in 2016-17 of SunWater's proposed total non-direct (overhead and indirect) costs; and
- 5.22% in 2012-13 increasing to 8.03% in 2016-17 of SunWater's proposed scheme direct operating costs (except where higher scheme specific savings were identified).

The Authority recommended prices recover all variable costs through volumetric charges. Fixed costs are recovered through fixed charges. In most schemes this resulted in significant changes to the current irrigation tariff structures.

In general, benefits of the proposed tariff structures include revenue adequacy for SunWater, increased trading of water allocations and an efficient price signal that encourages further productive use of water by active irrigators. These tariffs will, over time, move water to higher value production, increasing (all things being equal) economic activity in Queensland and in particular, within the irrigation sector.

The Ministerial Direction required that prices not decrease in real terms. Therefore, where current prices generated revenue in excess of efficient costs for 2012-17, the 2006-11 revenues are maintained in real terms based on the five years of irrigation water use to 2010-11.

To moderate price impacts on irrigators, for tariff groups where revenues from current prices are less than efficient costs, the Authority recommended price paths with a \$2/ML real price increase per annum to the fixed tariffs, until prices recover the efficient level of costs. Under this approach, some service contracts will not achieve full cost-reflectivity during the 2012-17 regulatory period.

As a basis for improved future engagement and consultation between SunWater and its irrigation customers, the Authority recommended that SunWater publish annually details of proposed material changes to costs.

Irrigation Prices for Seqwater Schemes

The Authority has been directed to recommend irrigation prices, to apply to seven Seqwater schemes from 1 July 2013 to 30 June 2017 (a four-year price path).

Seqwater provided its initial submissions to the Authority by 30 April 2012.

The Authority conducted an initial round of consultation with stakeholders by 30 June 2012.

The Year Ahead

Monitoring of SEQ Water Retailers

The Authority has been directed to monitor the prices to apply in 2012-13 to the SEQ monopoly distribution and retail water and wastewater activities provided by Queensland Urban Utilities and Unitywater.

That review is to be completed by 31 March 2013.

Bulk Water Grid Service Charges – SEQ

The Authority will finalise its Final Report on the Grid Service Charges to apply for 2012-13 in early 2012-13.

Given the announced amalgamation of the various bulk water entities during 2012-13, the Authority has not been directed to review Grid Service Charges to apply for 2013-14 although it anticipates that regulatory oversight will recommence the following year.

Irrigation Prices for SunWater Schemes

The Authority will be liaising with SunWater and Government throughout the year to ensure recommendations outlined in the Final Report are implemented.

Irrigation Prices for Seqwater Schemes

A Draft Report and Draft Prices are due by 30 November 2012.

Once the Draft Report and Draft Prices are published, the Authority will hold consultations with stakeholders as part of its consideration of this matter.

A final report is due by 30 April 2013.

The Authority's recommendations are intended to inform the Government's decisions regarding Seqwater price paths from 1 July 2013 to 30 June 2017.

Electricity

In Brief

Retail

Under the *Electricity Act 1994* (the Electricity Act), the Authority is responsible for administration and enforcement of the Electricity Industry Code (the Electricity Code), which sets the framework for how the retail market is to function, and the determination of regulated retail electricity prices.

Until 30 June 2012, the Authority was also responsible for administering the Electricity (Retail Billing Guaranteed Service Level Scheme) Code (the Billing Code), which required retailers to make specified payments to customers in circumstances where inaccurate bills had been issued and paid. As discussed below, the Billing Code was revoked on 30 June 2012, in preparation for the implementation of the National Energy Customer Framework (NECF).

Distribution

The Authority also has a number of distribution related functions under the Electricity Code, including monitoring the distributors' performance against Minimum Service Standards (MSS) and payments made to customers for failing to meet Guaranteed Service Levels (GSL).

The Full Picture

Retail

All consumers are able to choose which retailer supplies their electricity. During 2011-12, the Authority undertook work in the following areas:

Determining Notified Electricity Prices for 2012-13

On 13 September 2011, the Electricity Act was amended to replace the previous Benchmark Retail Cost Index (BRCI) approach to adjusting regulated retail electricity prices with a new price determination process.

On 22 September 2011, the Authority received a Delegation from the (then) Minister for Energy and Water Utilities requiring it to determine notified prices to apply from 1 July 2012 to 30 June 2013, based on a network plus retail cost build-up approach.

Acting under the Electricity Act and the Delegation, the Authority released a Draft

Methodology Paper in November 2011 and a Draft Determination on 31 March 2012.

A large number of submissions, received in response to the Draft Determination, raised concerns about the prospect of potentially large price increases from 1 July 2012. In addition, Energex and Ergon Energy indicated that metering and billing system constraints would prevent the full implementation of the new tariffs from 1 July 2012.

On 8 May 2012, the Authority received an updated Delegation from the Minister for Energy and Water Supply which excluded the requirement to set notified prices for Tariff 11 (the main residential tariff).

In accordance with the new Delegation, the Authority published its Final Determination on 31 May 2012 for all notified prices, except Tariff 11. While the new prices reflected higher network charges and increased energy costs (due mainly to the carbon tax), the Authority found that customer impacts associated with the new tariffs and prices would differ according to how cost-reflective the old tariffs may have been and the differing levels and patterns of consumption by customers.

The Final Determination included a number of additional transitional tariffs to address issues raised in response to the Draft Determination.

In response to two separate but related Ministerial Directions received during May 2012, the Authority provided advice to the Minister for Energy and Water Supply on cost-reflective pricing for Tariff 11 and the impact of the carbon tax on Tariffs 11, 31 and 33.

Price Comparator

The Authority continued to maintain a retail price comparator on its website. The price comparator allows retail customers to compare the prices of electricity and gas contracts generally available from energy retailers in Queensland.

Consumer Advisory Committee

A Consumer Advisory Committee (the Committee) advises the Authority on the performance of its functions under the Electricity and Gas Acts, including the making and amending of the respective Electricity and Gas Codes. The Committee, which is comprised of

organisations that represent the interests of consumers, met on a quarterly basis throughout the year. Minutes from each meeting are published on the Authority's website.

Introduction of the Australian Consumer Law (ACL)

On 21 July 2011, the Authority released a Final Decision on its proposed amendments to the Electricity Code and Gas Code (the Codes) in light of the introduction of the ACL.

The Authority's proposed amendments to the Codes removed areas of overlap and conflict with the ACL as well as some redundant wording from the Electricity Code.

On 26 August 2011, the Authority published a notice in the Queensland Government Gazette, advising that the new versions of the Codes had received Ministerial approval and would come into effect on the same date.

Community Ambulance Cover (CAC) Levy

On 14 June 2011, the Government announced that it would abolish the CAC Levy for Queensland electricity customers from 1 July 2011. The *Community Ambulance Cover Act 2003* was subsequently amended on 27 June 2011 to give effect to this decision.

Given this change, the Authority proposed urgent amendments to the Electricity Billing Code to remove all references to the CAC Levy and to make a number of minor administrative changes to keep the Electricity Billing Code up-to-date.

On 2 September 2011, the Authority published a notice in the Queensland Government Gazette advising that the new version of the Billing Code had received Ministerial approval and would come into effect on the same date.

Flat-lining Energex Minimum Service Standards

On 23 March 2012, the Authority received a letter from the (then) Associate Director-General (Mines and Energy) regarding the recommendations of the Electricity Network Capital Program (ENCAP) Review. The letter advised that the ENCAP Review had recommended that Energex's Minimum Service Standards (MSS) be flat-lined at 2011-12 levels from 1 July 2012.

In response, the Authority amended the Electricity Code to hold Energex's MSS steady at the 2011-12 level until 2014-15.

On 15 June 2012, the Authority published a notice in the Queensland Government Gazette, advising that the new versions of the Codes had received Ministerial approval and would come into effect on the same date.

Aligning Codes with the National Energy Customer Framework (NECF)

The introduction of the NECF in Queensland was scheduled to commence from 1 July 2012.

On 1 June 2012, the Minister for Energy and Water Supply advised the Authority that the NECF would not take effect from 1 July 2012 and proposed two measures that would allow retailers to implement NECF compliant administrative systems whilst remaining compliant with the Queensland industry codes. These measures were to revoke the Retail Billing Guaranteed Service Level (GSL) Scheme Code (the Billing Code) and to make urgent amendments to the Electricity Code and the Gas Code. On 14 June, the Authority received a formal proposal from the Department of Energy and Water Supply which outlined the proposed amendments.

On 29 June 2012, the Authority published a notice in the Queensland Government Gazette, advising that the new versions of the Codes had received Ministerial approval and would come into effect from 1 July 2012.

Administration of Retailer of Last Resort Scheme (ROLR)

The Authority is responsible for administering the ROLR scheme and has a number of guidelines and processes in place with the ROLR retailers and the Australian Energy Market Operator (AEMO) for when a ROLR event occurs.

Origin Energy is the designated ROLR for most electricity customers in Queensland.

Performance Monitoring

Under the Electricity Code, and up until 30 June 2012 under the Billing Code, retailers were required to report quarterly to the Authority on a range of matters, including the number of small customer disconnections and complaints and the number of GSL payments made. The Authority published this information on its website.

Enforcement Issues

To ensure compliance with the Electricity Code and the Billing Code, the Authority may take a variety of enforcement actions, ranging from informal letters to parties reminding them of their obligations through to issuing code contravention notices.

The Authority considered a number of code contraventions by retailers during the year. In each instance, the Authority was satisfied that the relevant issue had been resolved satisfactorily and decided against taking further action.

Approval of Small Customer Enquiry Procedures

The Authority approved small customer enquiry procedures for retailers entering the Queensland retail electricity market.

Distribution

The Australian Energy Regulator (AER) assumed the role of overseeing the bulk of the regulatory arrangements for Queensland electricity distributors, Energex and Ergon Energy, from 1 July 2010.

However, under the Electricity Code, the Authority retains responsibility for a number of functions regarding the distributors, including performance monitoring and approval of network management plans, summer preparedness plans and Ergon Energy's Minimalist Transitioning Approach.

Performance Monitoring

Under the Electricity Code, the Authority monitors the performance of the distributors against MSS and the level of payments made to customers for failing to meet GSLs.

The distributors provide quarterly reports on their performance which the Authority publishes on its website. The Authority also publishes an annual assessment of performance.

Enforcement Issues

To ensure compliance with the Electricity Code (and previously the Billing Code), the Authority may take a variety of enforcement actions, ranging from informal letters to parties reminding them of their obligations through to issuing code contravention notices.

The Authority considered a number of code contraventions by distributors during the year. In each instance, the Authority was satisfied that the relevant issue had been resolved satisfactorily and decided against taking further action.

Network Management Plans (NMPs)

As required under the Electricity Code, the distributors submitted final NMPs in August 2011. The Authority was satisfied that these met the requirements of the Electricity Code.

Summer Preparedness Plans (SPPs)

As requested by the Authority under the Electricity Code, the distributors submitted final SPPs for the upcoming summer in August 2011, followed by reports detailing their compliance with those SPPs in March 2012. The Authority was satisfied that the SPPs and compliance reports met the requirements of the Electricity Code.

Minimalist Transitioning Approach (MTA) for Ergon Energy

The Electricity Code provides for Ergon Energy to operate under a MTA arrangement. This allows Ergon Energy extra time to process customer transfer information requests from retailers. As a result, Ergon Energy is able to operate a manual system rather than having to invest in a more expensive automated system when it is unlikely that there will be high demand for these services in its network area. The Electricity Code requires the Authority to annually review whether this arrangement should continue.

The Authority commenced its fifth annual review in June 2012 and will make its decision on whether to keep the MTA early in 2012-13.

Development of Retail Credit Support Guidelines

Under the Electricity Act and the QCA Act, the Authority is required to develop and monitor Guidelines for the credit support arrangements that apply between Queensland electricity retailers and distributors.

The Authority released the current Credit Support Guidelines in December 2010, which are generally in line with the likely guidelines that will take effect when the NECF is implemented.

The Year Ahead

Retail

During 2012-13, the Authority will undertake a review to determine regulated retail electricity prices (notified prices) to apply from 1 July 2013 to 30 June 2014, based on the network plus retail cost build-up approach.

In addition, the Authority will investigate and report on a fair and reasonable solar feed in tariff in Queensland and how it could be implemented, and will update estimates of the costs of the existing Solar Bonus Scheme and report on how these could be more equitably shared.

The Authority will also defend a Court challenge by Origin Energy to its regulated price determination for 2012-13.

Furthermore, it was expected that a large part of the Authority's electricity related responsibilities would transfer to the AER from 1 July 2012 when the NECF was implemented. However, as the NECF will not take effect in Queensland from 1 July 2012, the Authority will continue to undertake most of the activities related to the retail electricity industry that it has in previous years, including overseeing retailer reporting requirements under the Electricity Code, monitoring (and if necessary enforcing) retailer compliance with the Electricity Code and maintaining the retail electricity price comparator.

Distribution

Under the Electricity Code, the Authority will continue to monitor performance against the MSS and the level of GSL payments, the preparation of the NMPs and SPPs, as well as administer the Credit Support Guidelines to apply between electricity retailers and distributors.

Gas

In Brief

The retail gas market is fully deregulated. However, during 2011-12, competitive customer activity was largely limited to three retailers active in the market.

The Authority has a number of prescribed functions under the *Gas Supply Act 2003* and the Gas Industry Code (the Gas Code) and retains a number of compliance monitoring, enforcement and reporting functions under the Gas Code.

The Full Picture

During the year, the Authority continued to monitor Queensland gas retailers' compliance with the Gas Code. In discharging its responsibilities in 2011-12, the Authority was active in the following areas:

Customer Transfer Statistics

The Authority continued to monitor developments in the competitive market. The Australian Energy Market Operator (AEMO) recorded 23,576 customer transfers in the 12 months to 30 June 2012.

Price Comparator

The Authority continued to maintain an online retail price comparator to allow retail customers to compare the prices of electricity and gas contracts generally available from energy retailers in Queensland.

Consumer Advisory Committee

As outlined earlier, a Consumer Advisory Committee (the Committee) advises the Authority on the performance of its functions under the Electricity and Gas Codes. Minutes from each quarterly meeting of the Committee are published on the Authority's website.

Introduction of the Australian Consumer Law (ACL) and Alignment with NECF

As noted in the Electricity section above, on 21 July 2011, the Authority released a Final Decision on its proposed amendments to the Electricity Code and Gas Code in light of the introduction of the ACL.

As noted in the Electricity section above, on 29 June 2012 the Authority gazetted amendments to the Electricity Code and Gas Code to ensure alignment with the NECF.

Performance Monitoring and Enforcement Issues

Under the Gas Code, retailers are required to report quarterly on a range of matters, including the number of small customer disconnections and complaints. The Authority publishes this information on its website.

The Authority considered one new Gas Code contravention issue during the year. Based on the information available, the Authority decided against taking further action.

The Year Ahead

Retail

While AEMO and the AER are primarily responsible for regulation of the Queensland gas market, the Authority will continue to monitor and enforce retailers' compliance with the Gas Industry Code, maintain the retail price comparator and make amendments to the Gas Code as necessary.

During 2012-13 the Authority will continue to report on the development of the retail gas market in Queensland.

Research

In Brief

In 2012, the Authority appointed a new Director and established a Research Team. The new unit will undertake research and modelling of a number of cross-sector regulatory issues and provide support for specific sector reviews and investigations.

The Full Picture

In 2012, the Research team commenced work on a number of regulatory issues as follows:

- the Authority's approach to determining the Weighted Average Cost of Capital (WACC);
- the interplay between the form of regulation, the amount and allocation of risk and the WACC;
- the scope for application of a 'split cost of capital' concept to recognise different degrees of risk depending on functions and the regulatory arrangements;

- the pricing principles that should apply to expansions of monopoly assets; and also rising average costs; and
- the appropriate structure of prices for monopoly assets (especially the level and mix of fixed and variable components) across different regulated industries.

It is intended that discussion papers will be prepared on these research topics and released for public consultation. Revised papers will be made publicly available following the consultation. Some of the papers will be in the form of guidelines, while others will be frameworks and/or principles for how the Authority may consider an issue.

The Research team is also responsible for an in-house seminar program and preparing technical induction material for new staff.

The Year Ahead

In the year ahead, the Research Team will complete discussion papers and undertake consultation on the topics described above. It will also work on a number of other topics as follows:

- the theory and practice of incentive regulation;
- access arrangements and negotiation models;
- principles for asset valuation; and
- benchmarking methods and practice.

The Research Team will also undertake specific work for sector teams depending on the tasks they face.

Office of Best Practice Regulation

In Brief

On 30 June 2012, the QCA Act was amended so that the Authority could be directed by the responsible Ministers to:

- investigate, and report to the Ministers on any matter relating to competition, industry, productivity or best practice regulation; and
- to review and report on the adequacy of regulatory impact statements prepared for proposed legislation.

These amendments have led to the establishment of an Office of Best Practice Regulation (the Office) within the Authority.

The Full Picture

The Authority has established the Office with two functions: reviewing and reporting on the adequacy of regulatory impact statements (RISs); and undertaking reviews of regulation as Directed by Ministers.

The Year Ahead

In 2012-13, the Authority will recruit staff to the Office, and take responsibility for reviewing and advising on RISs and for Regulatory Reviews, subject to Ministerial Directions. Improving the RIS process will include extensive liaison, communication and education.

The Authority will be undertaking a review of a framework for reducing the burden of regulation, including measurement, prioritisation and a process for review.

Further reviews may occur depending on the outcomes from these reviews and Ministerial Directions.

Competitive Neutrality

In Brief

The competitive neutrality principle is 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 is in the public sector.

Competitive neutrality is an important principle of national competition policy and should be implemented to the extent that it is in the public interest.

The Full Picture

Although the Authority continued to receive enquiries about competitive neutrality matters during 2011-12, breaches of the principle of competitive neutrality are difficult to sustain under the definition of the principle of competitive neutrality in the QCA Act.

A complaint by the Waste Contractors and Recyclers Association of Queensland against the Waste and Resources Management business activity of the Sunshine Coast Regional Council (SCRC) was investigated during the year. The complaint was referred to the Authority by the SCRC under the *Local Government Act 2009*. A draft report was prepared and submissions received. A final report was prepared in June 2012.

No other formal complaints were received in 2011-12.

The Year Ahead

In 2012-13, the Authority will continue to perform its role in responding to inquiries and investigating complaints in relation to competitive neutrality.

The Authority has no influence on the number or timing of the complaints it receives.

Corporate Matters

Corporate Governance

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

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

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

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

The Authority's Code of Conduct, approved by the responsible Minister, and its associated processes and procedures are based on the core public sector values of 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 have received training on the Code of Conduct and are aware of their requirement to behave in accordance with the highest ethical standards.

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

Financial Position

Detailed financial statements are included in a later section of this report. The Authority's total

expenditure amounted to \$13.1 million with the major items of expenditure being salaries (\$7.2 million) and payments for specialist advice (\$3.5 million).

The expenditure incurred by the Authority in undertaking its duties and responsibilities was within budget. Expenditure, including performance against budget, is reported monthly to Authority Members. The Authority is a cost effective regulator.

Fees

Fees are charged, in line with the QCA Regulations, for general regulatory services provided to a regulated entity based on the Authority's estimate of the annualised actual cost of performing the functions in respect of that entity over a five-year period.

Fees are smoothed over a five-year period in order to minimise annual variability in the fees regulated entities are charged by the Authority for performing the functions.

Fees are reviewed annually, on a financial year basis, while ever the Authority has an ongoing 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 Authority will review the annual fee charged and will take this under- or over-recovery into account.

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

Fees are also chargeable for the provision of arbitration or mediation services in respect to access disputes, including access determinations, and water supply disputes, including water supply determinations. These fees can be shared between the parties as determined by the Authority and will not necessarily be passed through to end-users. No such fees were levied during 2011-12.

The Authority received an additional grant of \$3 million to support the review of irrigation prices for SunWater schemes.

Environmental Statement

The Authority maintains an environmentally friendly workplace. Office waste is recycled

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

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

Information on the following items is available on the Authority's website at <http://www.qca.org.au/about/annualreport1112.php>:

- Right to Information and Information Privacy;
- Recordkeeping;
- Overseas Travel; and
- Specialist Services.

Equal Employment Opportunities

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

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

Meetings of the Authority

Twenty-two meetings of the Authority were held during 2011-12.

	<i>Scheduled Meetings</i>		<i>Special Meetings</i>	
	<i>Held</i>	<i>Attended</i>	<i>Held</i>	<i>Attended</i>
Brian Parmenter	12	11	10	10
Mark Christensen	12	11	10	7
Justin Malbon	12	12	10	8
Sally Pitkin	12	11	10	8
David Watson	12	12	10	10

QCA Staff

The number of staff employed by the Authority as at 30 June 2012 was 53 (46.1 FTE). For the financial year ended 30 June 2012, the Authority had a permanent retention rate of 82% and a permanent separation rate of 17%.

The staffing levels of the Authority are based on the Authority's annual operational plan. In addition, the Authority engages consultants or contract staff for specialist advice and, if necessary, to meet peak activity demands.

All new staff are required to attend a corporate induction program. Each year, staff are formally reviewed and their individual training plans updated and adjusted as necessary. This includes ensuring the Authority's management team develop their capabilities in respect of leadership skills and strategic thinking. All staff are encouraged to keep their skills current and must attend at least two days of professional training each year.

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

In January 2012, the Authority commissioned Rowland to conduct a staff survey as part of its follow up to the Stakeholder Relationship Survey in 2010.

Of the staff surveyed (93% of the staff team) the satisfaction rating was 7.52 (out of 10). As with the Stakeholder Relationship Survey the year before, a number of initiatives (including leadership training for new managers) were identified as a result of staff feedback and these initiatives are expected to be implemented in 2012-13.

Staff Statistics as at 30 June 2012

	<i>Total Staff</i>	<i>Male</i>	<i>Female</i>	<i>NESB ^(a)</i>	<i>A&TSI ^(b)</i>
Chief Executive	1	1	0	0	0
Directors	5	4	1	0	0
Technical Staff	36	23	13	5	0
Support Staff	11	4	7	1	0
Total	53	32	21	6	0
Full-time Staff	48	31	14	6	0
Part-time Staff	5	0	5	0	0
Casual	0	0	0	0	0
Age 15-24	0	0	0	0	0
25-34	17	8	9	4	0
35-44	17	10	7	1	0
45 +	19	14	5	1	0

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

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

Staff List as at 30 June 2011

Team Leaders and Program Managers

Catherine Barker BA BEcon GradCert(AppFin&Inv) (*part time*)
Angus MacDonald BAgEcon(Hons) GradDipSE(Econ&Bus)
Charles Millstead BA BEcon(Hons)
George Passmore BAgEcon(Hons) MAgEcon
Ravi Prasad BEcon(Hons) LLB
Leigh Spencer BEcon(Hons)

Technical

Manish Agarwal BCom(Hons) MEcon MPh(Econ) PhD
Geetu Anthonisz BEcon(Hons) (*part-time*)
Pag Arao-Arao BEcon
Clotilde Bélanger BAppScAgEcon
Michael Blake BSc(Math.Econ) BA(History) MPublPol PhD(Econ.Theory)
Christopher Boulis BBus(IntTrade) MEcon
Matthew Bradbury BEcon MBus(AppFin)
Courtney Chester BA BNatResEcon(Hons) MAppAnthro&PartDev (*part-time*)
Jennie Cooper BCA BCom(Hons)
William Copeman BEcon/Arts(ComSci)
Richard Creagh BNatResEcon
Alex Dobes BA(Hons) MBA
Ralph Donnet BAgEcon GradDipFinMgt
Mary Ann Franco-Dixon DVM PGDipAgEconStud MAgEcon PhD(Ag&NatResEcon)
James Gilchrist BABusEcon(Hons) MA(EconAnl)
Les Godfrey BE BEcon MBA(Adv) MFM Cert IV in AWT FIEAust CPEng
Fifi Gosali BA MSc(Econ) MSc(SocProFin)
Emma Green BCom(Econ) MAppLaw
Carrie Haines BA BA(Econ) MIntEcon&Fin
Keith Hutchinson BBus(Econ) GradCertPubGov
Ann Jones BEcon MCom(Econ)(Hons) (*part-time*)
Dan Kelley BEcon MEcon PhD(Econ)
Adam Liddy BEcon(Hons) GradCertMan
Wilson Liu DipElecComp&CommEng BEcon(Hons)
Rimu Nelson BEcon
Matthew Rintoul BBus MAppEcon
Mark Scanlan BCom(Econ) MCom(Econ)
Alicia Toohey BBusMan MBusEcon
Stephen Wisenthal BAEcon(Hons)
Natalya Zelenyuk BFin MEcon

Support

Alanna Ball BBus(HRM) C.dec
Marlene Binzer AssocDipBus DipQualAudit
Carola Hofmann
Donna Kilbride (*part-time*)
Sabina O'Donoghue JP (Qualified)
John Palm BBus CPA
Jason Smith
Richard Stevens BAdes (Hons)
Jacqueline Stokes DipHR
Olivia Thomson CertBA DipHRM
David Walsh BTech

Publications 2011-12

Summary of Publications Released and Submissions Received during the Year

	<i>Submissions</i>	<i>Publications</i>
Competitive Neutrality	7	2
Electricity	89	24
Gas	0	8
Ports	7	5
Rail	79	16
Water	134	69
Other	0	1
Total	316	125

Publicly Available Publications

Printed copies of the publicly available publications can be obtained from the Authority's office or in PDF format from the Authority's website at www.qca.org.au.

<i>Release Date</i>	<i>Title</i>
July 2011	Report: Electricity: Billing Code: Retailer Performance March Quarter 2011
July 2011	Report: REVISED Small Electricity Customer Disconnections, Hardship and Complaints Statistics for March Quarter 2011
July 2011	Report: REVISED Small Electricity Customer Disconnections, Hardship and Complaints Statistics for December Quarter 2010
July 2011	Report: REVISED Small Electricity Customer Disconnections, Hardship and Complaints Statistics for September Quarter 2010
July 2011	Final Decision: Dalrymple Bay Coal Terminal Management's QCA Fee Draft Amending Access Undertaking
July 2011	Decision: Approval of Extension of Negotiation Period – Wiggins Island Coal Export Terminal Stage 1 Rail Infrastructure
July 2011	SEQ Interim Price Monitoring Information Requirements for 2011-12
July 2011	Final Report: SEQ Grid Service Charges 2011-12
July 2011	Approval: Wiggins Island Coal Export Terminal – Extension of Negotiation Time
August 2011	Final Decision: Proposed Amendments to the Electricity Industry Code and Gas Industry Code in light of the Australian Consumer Law
August 2011	Final Decision: Dalrymple Bay Coal Terminal Tariff Adjustment
August 2011	Electricity Industry Code – Version 10
August 2011	Gas Industry Code – Version 4
August 2011	Guidelines for Pursuing Civil Penalties and Referring Matters to the Regulator in Relation to Industry Code Contraventions
September 2011	Annual Report 2010-11
September 2011	Electricity (Retail Billing Guaranteed Service Level Scheme) Code – Version 2
September 2011	Report: Electricity: Small Electricity Customer Disconnections, Hardship and Complaints Statistics for June Quarter 2011
September 2011	Report: Gas: Small Electricity Customer Disconnections, Hardship and Complaints Statistics for June Quarter 2011
September 2011	Final Decision: Dalrymple Bay Coal Terminal Management's RL1 Insurance Recovery Draft Amending Access Undertaking
September 2011	Final Decision: Dalrymple Bay Coal Terminal Management's Draft Amending Access Undertaking – Annual Revenue Requirement Increase 1 January – 30 June 2011

<i>Release Date</i>	<i>Title</i>
October 2011	Final Approval: Queensland Rail's Take-or-Pay Draft Amending Access Undertaking
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 1
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Barker Barambah Water Supply Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Bowen Broken Rivers Water Supply Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Boyne River and Tarong Water Supply Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Bundaberg Distribution Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Bundaberg Water Supply Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Burdekin-Haughton Distribution System
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Burdekin- Haughton Water Supply Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Callide Valley Water Supply Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Chinchilla Weir Water Supply Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Cunnamulla Water Supply Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Dawson Valley Water Supply Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Emerald Distribution System
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Eton Distribution System
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Eton Water Supply Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Lower Fitzroy Water Supply Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Lower Mary Distribution System
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Lower Mary Water Supply Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Macintyre Brook Water Supply Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Maranoa River Water Supply Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Mareeba-Dimbulah Distribution System
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Mareeba-Dimbulah Water Supply Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Nogoia-Mackenzie Water Supply Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Pioneer River Water Supply Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Proserpine Water Supply Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: St George Distribution System
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: St George Water Supply Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Theodore Distribution System
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Three Moon Creek Water Supply Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Upper Burnett Water Supply Scheme
November 2011	Draft Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Upper Condamine Water Supply Scheme
November 2011	Draft Methodology Paper: Regulated Retail Electricity Prices 2012-13
November 2011	Report: Electricity: Annual Report on Minimum Service Standards and Guaranteed Service Level Performance – 2010-11

<i>Release Date</i>	<i>Title</i>
November 2011	Report: Electricity: Billing Code – Retailer Performance June 2011 and Year 2010-11
December 2011	Report: Electricity: Billing Code – Retailer Performance September 2011
December 2011	Final Decision: Dalrymple Bay Coal Terminal's Draft Amending Access Undertaking on Outstanding Costs from the 7x Expansion
January 2012	Draft Report: SEQ Interim Price Monitoring for 2011-12 – Part A – Overview
January 2012	Draft Report: SEQ Interim Price Monitoring for 2011-12 – Part B – Detailed Assessment
January 2012	Report: Electricity: Small Electricity Customer Disconnections, Hardship and Complaints Statistics for the September Quarter 2011
January 2012	Report: Gas: Small Gas Customer Disconnections, Hardship and Complaints Statistics for the September Quarter 2011
March 2012	Final Report: SEQ Interim Price Monitoring for 2011-12 – Part A – Overview
March 2012	Final Report: SEQ Interim Price Monitoring for 2011-12 – Part B – Detailed Assessment
March 2012	Draft Price Determination: Regulated Retail Electricity Prices 2012-13
March 2012	Final Decision: QR Network's 2009-10 Capital Expenditure
March 2012	Report: Electricity: Market and Non-market Customer Statistics – December Quarter 2011
March 2012	Final Decision: Queensland Rail's 2010-11 Costing Manual
April 2012	Draft Report: Investigation of Grid Service Charges 2012-13
April 2012	Report: Electricity: Small Electricity Customer Disconnections, Hardship and Complaints Statistics – December Quarter 2011
April 2012	Report: Gas: Small Gas Customer Disconnections, Hardship and Complaints Statistics – December Quarter 2011
April 2012	Report: Electricity Billing Code – Retailer Performance – December Quarter 2011
April 2012	Final Decision: QR Network's Proposed Alternative Access Charge for Colton to Barney Point Service
April 2012	Issues Paper: Queensland Rail's 2012 Draft Access Undertaking
April 2012	Draft Decision: Wiggins Island Rail Project Stage 1 Rail Infrastructure Access Conditions
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 1
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Barker Barambah Water Supply Scheme
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Bowen Broken Rivers Water Supply Scheme
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Boyne River and Tarong Water Supply Scheme
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Bundaberg Distribution System
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Bundaberg Water Supply Scheme
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Burdekin-Haughton Distribution System
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Burdekin-Haughton Water Supply Scheme
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Callide Valley Water Supply Scheme
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Chinchilla Weir Water Supply Scheme
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Cunnamulla Water Supply Scheme
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Dawson Valley Water Supply Scheme
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Emerald Distribution System
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Eton Distribution System
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Eton Water Supply Scheme
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Lower Fitzroy Water Supply Scheme
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Lower Mary Distribution System

<i>Release Date</i>	<i>Title</i>
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Lower Mary Water Supply Scheme
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Macintyre Brook Water Supply Scheme
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Maranoa River Water Supply Scheme
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Mareeba-Dimbulah Distribution System
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Mareeba-Dimbulah Water Supply Scheme
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Nogoa-Mackenzie Water Supply Scheme
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Pioneer River Water Supply Scheme
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Proserpine Water Supply Scheme
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: St George Distribution System
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: St George Water Supply Scheme
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Theodore Distribution System
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Three Moon Creek Water Supply Scheme
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Upper Burnett Water Supply Scheme
May 2012	Final Report: SunWater Irrigation Price Review – 2012-17 – Volume 2: Upper Condamine Water Supply Scheme
May 2012	Report: Electricity: Market and Non-market Customer Statistics – March Quarter 2012
May 2012	Report: Electricity: Market and Non-market Customer Statistics – Time Series – March Quarter 2012
May 2012	Final Decision: Wiggins Island Rail Project Stage 1 Rail Infrastructure Access Conditions
May 2012	Decision: Approval Varied Early Works Deed Stage 1 Wiggins Island Rail Project
May 2012	Final Price Determination; Regulated Retail Electricity Prices 2012-13
June 2012	Draft Decision: QR Network's Proposed Standard Rail Connection Agreement
June 2012	Final Decision: QR Network's Annual Review of Reference Tariffs 2012-13
June 2012	Final Decision: QR Network's 2010-11 Capital Expenditure
June 2012	Final Decision: QR Network Revenue Cap Adjustment 2010-11
June 2012	Final Decision: Queensland Rail's Extension Draft Amending Access Undertaking

Reports to Government (not publicly available)

<i>Release Date</i>	<i>Title</i>
December 2011	Report to the Minister for Natural Resources, Mines and Energy and Minister for Trade: Performance of the Authority's Functions under the Electricity Act 1994 and the Gas Supply Act 2003
June 2012	Report to the Minister for Energy and Water Supply: Performance of the Authority's Functions under the Electricity Act 1994 and the Gas Supply Act 2003
June 2012	Advice to the Minister for Energy and Water Supply on the Prices for Tariffs 11, 31 and 33 for 2012-13

Other Reports (not publicly available)

<i>Release Date</i>	<i>Title</i>
December 2011	Draft Decision: QR Network's 2009-10 Capital Expenditure
February 2012	Draft Report: Sunshine Coast Regional Council – Competitive Neutrality Complaint
June 2012	Final Report: Sunshine Coast Regional Council – Competitive Neutrality Complaint

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2012

	Notes	2012 \$	2011 \$
Income from Continuing Operations			
Government Grant		3,500,000	7,000,000
Fees		9,268,855	9,992,110
Other Revenue	3	676,380	428,220
Total Revenue		13,445,235	17,420,331
Gains			
Gain on sale of plant and equipment		643	2,126
Total Income from Continuing Operations		13,445,877	17,422,457
Expenses from Continuing Operations			
Members Expenses	4	284,464	262,578
Employee Expenses	4, 5	7,218,028	7,485,341
Supplies and Services	6	5,355,615	5,876,390
Depreciation and Amortisation		204,591	213,654
Other Expenses	7	32,675	32,015
Total Expenses from Continuing Operations		13,095,372	13,869,979
Operating Result from Continuing Operations		350,505	3,552,478
Other Comprehensive Income		-	-
Total Comprehensive Income		350,505	3,552,478

The accompanying notes form part of these financial statements



STATEMENT OF FINANCIAL POSITION

as at 30 June 2012

	Notes	2012 \$	2011 \$
Current Assets			
Cash and cash equivalents	8	14,066,467	11,340,848
Receivables	9	117,944	50,739
Other	10	127,990	197,931
Total Current Assets		14,312,401	11,589,518
Non Current Assets			
Plant and Equipment	11	175,427	369,948
Total Non Current Assets		175,427	369,948
Total Assets		14,487,828	11,959,466
Current Liabilities			
Payables	12	599,938	649,036
Accrued Employee Benefits	13	504,803	538,606
Unearned Revenue		4,849,468	2,713,723
Total Current Liabilities		5,954,209	3,901,365
Non Current Liabilities			
Accrued Employee Benefits	13	752,291	627,278
Total Non Current Liabilities		752,291	627,278
Total Liabilities		6,706,501	4,528,643
Net Assets		7,781,328	7,430,823
Equity			
Contributed Equity		1,559,000	1,559,000
Accumulated Surplus		6,222,328	5,871,823
Total Equity		7,781,328	7,430,823

The accompanying notes form part of these financial statements



STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2012

	Retained Surplus		Contributed Equity	
	2012	2011	2012	2011
	\$	\$	\$	\$
Balance 1 July	5,871,823	2,319,345	1,559,000	1,559,000
Operating Result from Continuing Operations	350,505	3,552,478	-	-
Balance 30 June	6,222,328	5,871,823	1,559,000	1,559,000

The accompanying notes form part of these financial statements



STATEMENT OF CASH FLOWS

for the year ended 30 June 2012

	Notes	2012 \$	2011 \$
Cash flows from operating activities			
<i>Inflows:</i>			
Government Grant		3,500,000	7,000,000
Fees		11,404,600	12,705,833
Interest		675,633	428,334
Other		918	-
GST collected on services provided		1,142,097	1,272,392
GST input tax credits from ATO		590,075	647,443
		17,313,323	22,054,002
<i>Outflows:</i>			
Members Expenses		(284,464)	(262,578)
Employee Expenses		(7,132,284)	(7,399,832)
Other Operating Expenses		(5,318,992)	(6,040,144)
GST paid to Suppliers		(700,440)	(697,251)
GST remitted to ATO		(1,142,097)	(1,272,392)
		(14,578,277)	(15,672,197)
Net cash provided by / (used in) operating activities	14	2,735,046	6,381,804
Cash flows from investing activities			
<i>Inflows:</i>			
Proceeds from disposal of plant and equipment		643	2,126
<i>Outflows:</i>			
Payments for Plant and Equipment		(10,070)	(85,551)
Net cash provided by / (used in) investing activities		(9,427)	(83,425)
Cash flows from financing activities			
<i>Outflows:</i>			
Net cash provided by / (used in) financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		2,725,619	6,298,380
Cash and cash equivalents at beginning of financial year		11,340,848	5,042,468
Cash and cash equivalents at end of financial year	8	14,066,467	11,340,848

The accompanying notes form part of these financial statements



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2012

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 Finance), 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 national competition policy 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 Section 43 of 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 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 2012 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.

The amount recognised as fee revenue in the current period is in compliance with the requirements set out in the Queensland Competition Authority Regulations 2007.

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



c) Leasing

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

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

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:	20% to 33%
Computer Equipment:	20% to 33%
Fixtures and Fittings:	10% to 33%
Leasehold Improvements:	10% to 38%

e) Employee Benefits:

For unpaid benefits expected to be paid 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 the section 5 Addendum (issued in May 2011) to the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury. Refer to note 4 for disclosures on key executive management personnel and remuneration.



f) Key Executive Management

The key executive management personnel that had authority and responsibility for planning, directing and controlling the activities of the Authority during 2011-12 are detailed below.

Position	Responsibilities	Current Incumbents	
		Contract Classification and Appointment Authority	Date Appointed to position
Chairman	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.	Governor in Council/ <i>QCA Act 1997</i>	13 October 2005
Deputy Chairman	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.	Governor in Council/ <i>QCA Act 1997</i>	4 September 2005
Member	Members are collectively responsible for the Authority's duties and responsibilities, in accordance with the QCA Act.	Governor in Council/ <i>QCA Act 1997</i>	12 September 2001
Member	Members are collectively responsible for the Authority's duties and responsibilities, in accordance with the QCA Act.	Governor in Council/ <i>QCA Act 1997</i>	11 December 2008
Member	Members are collectively responsible for the Authority's duties and responsibilities, in accordance with the QCA Act.	Governor in Council/ <i>QCA Act 1997</i>	5 November 2009
Chief Executive	The Chief Executive is responsible for management of the Authority in accordance with directions of the Members and the QCA Act.	Individual Contract issued by the Authority	1 October 1997

g) Taxation:

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

h) Superannuation:

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

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

i) Receivables:

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

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

j) Payables:

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.



k) Financial Instruments

The Authority's only financial assets and liabilities are as follows and they are measured at:

- Cash - held at nominal value
- Receivables - held at amortised value
- Payables - held at nominal value

l) 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.

m) Issuance of Financial Statements:

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

n) 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 12

Accrued employee benefits - note 13

o) 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.

p) New and Revised Accounting Standards

The Authority did not voluntarily change any of its accounting policies during 2011-12. Australian accounting standards changes applicable for the first time for 2011-12 have had minimal effect on the Authority's financial statements.

In line with Treasury Department guidance, the Authority did not early adopt new or amended accounting standards ahead of the specified commencement date. Consequently, the Authority has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The Authority applies standards and interpretations in accordance with their respective commencement dates. At the date of authorisation of the financial report, the expected impacts of new or amended Australian accounting standards with future commencement dates have had minimal effect on the Authority's financial statements.

Note 3:

Other Income

Interest
Revenue from Right to Information requests
Total

2012	2011
\$	\$
675,462	428,220
918	-
676,380	428,220



Note 4:**Key Executive Management**

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 provision of a motor vehicle 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 payments were made during the year.

1 July 2011 - 30 June 2012

Position	Short Term Benefits		Long Term Benefits	Post Employment	Total Remuneration
	Base	Non-Monetary Benefits			
	\$'000	\$'000	\$'000	\$'000	\$'000
Chairman	82,981	-	-	7,344	90,325
Deputy Chairman	-	-	-	44,739	44,739
Member	35,181	-	-	3,166	38,347
Member	35,181	-	-	3,166	38,347
Member	-	-	-	38,347	38,347
Chief Executive	355,717	33,703	8,255	47,407	445,082
Total Remuneration	509,060	33,703	8,255	144,169	695,187

1 July 2011 - 30 June 2011

Position	Short Term Benefits		Long Term Benefits	Post Employment	Total Remuneration
	Base	Non-Monetary Benefits			
	\$'000	\$'000	\$'000	\$'000	\$'000
Chairman	76,125	-	-	6,781	82,906
Deputy Chairman	-	-	-	41,064	41,064
Member	32,291	-	-	2,906	35,197
Member	32,291	-	-	2,906	35,197
Member	-	-	-	35,197	35,197
Chief Executive	359,583	24,285	8,267	49,207	441,342
Total Remuneration	500,290	24,285	8,267	138,061	670,903



Note 5:**Employee Expenses****Employee Benefits**

Salaries

Employer Superannuation Contributions

Long Service Leave Central Scheme Levy

Employee Related Expenses

Payroll tax

Staff Training Costs

Staff Recruitment Costs

Other Staff Expenses

Workers Compensation Premium

Total**2012****\$****2011****\$**

5,500,932

722,808

118,692

292,495

232,381

303,405

31,421

15,894

7,218,028

5,825,525

846,778

128,221

312,634

169,666

160,819

20,823

20,876

7,485,341

The number of employees including both full time employees and part time employees measured on a full time equivalent basis is:

51.2

51.2

Note 6:**Supplies and Services**

Specialist Services

Occupancy Costs (including operating lease rentals)

Information Technology Costs

Travel and Accommodation Costs

Bank Fees and Charges

General Administration Costs

Other

Total**2012****\$****2011****\$**

3,465,799

1,327,357

226,368

50,096

14,044

124,100

147,851

5,355,615

3,995,602

1,239,812

315,623

42,224

9,011

106,564

167,554

5,876,390**Note 7:****Other Expenses**

External Audit Fees*

Insurance Premiums

Total**2012****\$****2011****\$**

23,000

9,675

32,675

22,500

9,515

32,015

*There are no non-audit services included in External Audit Fees.

Note 8:**Cash and Cash Equivalents**

Cash assets include cash at bank, cash on hand and cash with Queensland Treasury Corporation (QTC). All cash amounts are at call and can be redeemed at short notice at their face value. The organisation does not have any borrowing or overdraft facilities. Of this cash balance, \$4,849,468 relates to unearned revenue (see note 2(l))

Balance

Cash at Bank

Cash on Hand

Cash with QTC

Total**2012****\$****2011****\$**

328,889

500

13,737,079

14,066,467

90,402

500

11,249,945

11,340,848

Note 9:**Receivables****Current**

Trade Debtors

Other

Total

GST receivable

GST Payable

Total Receivables

2012	2011
\$	\$
-	-
7,579	931
7,579	931
110,365	49,808
-	-
110,365	49,808
117,944	50,739

Note 10:**Other****Current**

Prepayments

Total

2012	2011
\$	\$
127,990	197,931
127,990	197,931

Note 11:**Plant and Equipment**

At Cost

Less: Accumulated Depreciation

Total Plant and Equipment

2012	2011
\$	\$
1,788,125	1,823,718
(1,612,698)	(1,453,770)
175,427	369,948

Plant and Equipment Reconciliation

Opening Carrying Amount (as at 1 July)

Additions

Disposals at Carrying Amount

Depreciation

Closing Carrying Amount (as at 30 June)

2012	2011
\$	\$
369,948	498,051
10,070	85,550
-	-
(204,591)	(213,654)
175,427	369,948

The Authority has plant and equipment (excluding leasehold improvements and fixtures & fittings) with an original cost of \$144,676 and a written down value of zero still being used in the provision of services. 50% of these assets with a gross cost of \$72,564 are expected to be replaced in 2012-13 with the remaining 50% to be replaced in subsequent years.

Note 12:**Payables**

Accrued Expenses

Creditors

Audit Fees Payable

Other Payables

Total

2012	2011
\$	\$
45,199	572,768
529,145	59,928
23,000	15,100
2,595	1,241
599,938	649,036

Note 13:**Accrued Employee Benefits****Current**

Employee Benefits

Salaries Payable/(Paid)

Total**Non-Current**

Employee Benefits

2012	2011
\$	\$
500,173	555,770
4,630	(17,164)
504,803	538,606
752,291	627,278

Note 14:**Notes to the Cash Flow Statement*****Reconciliation of Operating Surplus to Net Cash from Operating Activities***

	2012 \$	2011 \$
Operating surplus/(deficit)	350,505	3,552,478
Depreciation expense	204,591	213,654
Gain on sale of plant and equipment	(643)	(2,126)
<i>Changes in Assets and Liabilities</i>		
Decrease/(increase) in receivables	(6,648)	2,079
Decrease/(increase) in prepayments/other	69,941	(10,838)
Increase/(decrease) in accrued employee benefits	91,211	84,637
Increase/(decrease) in payables and accruals	(109,655)	(171,803)
Increase/(decrease) in unearned revenue	2,135,745	2,713,723
Net Cash from Operating Activities	2,735,046	6,381,804

Note 15:**Financial Instruments****a) Financial Risk Management**

The Authority's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Authority. The types of risk and the methods used to evaluate them are outlined below. No changes in risk management have been made and therefore assumptions and calculations are consistent with previous years.

b) Market and Interest Rate Risk

The Authority's market risk and interest rate risk is limited to on call deposits held at Queensland Treasury Corporation (QTC) and Commonwealth Bank Australia (CBA). Based on average balance of funds held with QTC and CBA over 2011-12 the Authority's surplus and equity increase/(decrease) would have been impacted by \$134,535 for a 1% change in interest rates (\$84,063 in 2010-11).

*Financial Assets*Cash Assets:- Average Interest Rates

	2012	2011
Cash at Bank	3.51%	4.71%
Cash with QTC	5.11%	5.11%

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

Receivables:

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

*Financial Liabilities*Payables:

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

c) Credit Risk

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

Exposure to credit risk is monitored on an on-going basis.

Current receivables are within credit terms.

d) Fair Value

For other financial assets and liabilities, the fair value approximates the carrying value.

e) Liquidity Risk

The Authority holds its cash in on call accounts thereby minimising its liquidity risk. The Authority has sufficient cash to cover all liabilities when they become due.



Note 16:**Contingencies**

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

Note 17:**Operating Lease Commitments**

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

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

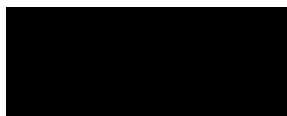
	2012 \$	2011 \$
Not later than one year (inclusive of GST)	849,587	1,319,275
Later than one year but not later than five years (inclusive of GST)	-	849,587
Total commitments	849,587	2,168,862



CERTIFICATE OF QUEENSLAND COMPETITION AUTHORITY

This general purpose financial report has been prepared pursuant to s.62(1) 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 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 2012 and of the financial position of the Authority at the end of that year.



Chairperson
B Parmenter

9 August 2012



Chief Executive
EJ Hall

9 August 2012



INDEPENDENT AUDITOR'S REPORT

To the Board of Queensland Competition Authority

Report on the Financial Report

I have audited the accompanying financial report of Queensland Competition Authority, which comprises the statement of financial position as at 30 June 2012, 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 Chairperson of the Board and the Chief Executive.

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. 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, of the transactions of the Queensland Competition Authority for the financial year 1 July 2011 to 30 June 2012 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Queensland Competition Authority for the year ended 30 June 2012. Where the financial report is included on Queensland Competition Authority's website, the Board is responsible for the integrity of Queensland Competition Authority's website and I have not been engaged to report on the integrity of Queensland Competition Authority's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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



P G SHIPPERLEY FCPA
As Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane

Annual Report Access

A copy of the Annual Report can be obtained by contacting the Authority as follows:

Email: annualreport@qca.org.au

Mail: Executive Officer
Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

Phone: (07) 3222 0555

Fax: (07) 3222 0599

This report is available in PDF format on the Authority's website at:
<http://www.qca.org.au/about/annualreport1112.php>

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Translating and Interpreting Assistance

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



Feedback on Annual Report

Readers are encouraged to provide feedback on the contents or structure of this report by contacting the Authority's office.

Glossary

ACL	Australian Consumer Law
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
Allconnex	Allconnex Water
Billing Code	Electricity (Retail Billing Guaranteed Service Level Scheme) Code
BRCI	Benchmark Retail Cost Index
CAC	Community Ambulance Cover
Committee	Consumer Advisory Committee
CPI	Consumer Price Index
DAAU	Draft Amending Access Undertaking
DAU	Draft Access Undertaking
DBCT	Dalrymple Bay Coal Terminal
Electricity Act	Electricity Act 1994
Electricity Code	Electricity Industry Code
ENCAP Review	Electricity Network Capital Program Review
Gas Act	Gas Supply Act 2003
Gas Code	Gas Industry Code
GSC	Grid Service Charge
GSL	Guaranteed Service Levels
GSP	Grid Service Provider
Market Rules	SEQ Water Market Rules
MSS	Minimum Service Standards
MTA	Minimalist Transitioning Approach
mtpa	Million tonnes per annum
NECAP	Non-expansion Capital Expenditure
NECF	National Energy Customer Framework
NMP	Network Management Plan
Price Regulator	Minister for Energy and Water Supply
QUU	Queensland Urban Utilities
RAB	Regulated Asset Base

RIS	Regulatory Impact Statement
ROLR	Retailer of Last Resort
SCRC	Sunshine Coast Regional Council
SRCA	Standard Rail Connection Agreement
SEQ	South East Queensland
SPP	Summer Preparedness Plan
SUFA	Standard User Funding Agreement
The Authority	The Queensland Competition Authority
The Codes	The Electricity and Gas Codes
The Ministers	Treasurer and Minister for Trade and the Attorney-General and Minister for Justice
The QCA Act	Queensland Competition Authority Act 1997
TGM	Tactical Global Management Ltd
WACC	Weighted Average Cost of Capital
WIRP	Wiggins Island Rail Project
WSS	Water Supply Schemes