

Queensland  
Competition  
Authority

# 2012–13

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# ANNUAL REPORT



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# CHAIRMAN'S INTRODUCTION

The last 12 months has been a challenging but rewarding period for the Queensland Competition Authority (QCA).

With the State Government committed to revitalising the economy and public services, the QCA has been called upon to contribute policy and technical advice on a raft of issues.

Some of these issues, such as regulatory reform and productivity, are relatively new to the QCA but already are major priorities which will only grow in importance.

At the same time, the Authority has not neglected its traditional core business – economic regulation of monopoly infrastructure businesses. The QCA continues to work with industry to support competition, efficient prices and transparency in markets such as water, electricity, rail freight and ports.

In the case of the water industry, the QCA completed in 2012–13 reviews into irrigation, bulk water supply and retail prices. Price monitoring in south east Queensland confirmed that retail prices reflect prudent and efficient costs. Public reviews of irrigation schemes have laid the foundations for sustainable businesses and possible transfer to local owners.

Significant progress was made in 2012–13 on outstanding rail issues, including approval of a standard rail connection agreement which will enhance competition in above-rail services.

Unfortunately, in June 2013, the QCA had to announce major increases in notified prices for electricity. With costs rising sharply across the board, prices had to be raised to maintain competitive, sustainable supply. Recognising the impact of higher prices on families and businesses, the Authority made an unprecedented effort to explain this decision to the community. The QCA also provided advice to the Government on setting fair and reasonable feed-in tariffs and site-specific network charges for large energy users.

Through the Office of Best Practice Regulation, the QCA has been pivotal to implementing steps towards the Government's target of reducing red tape by 20%. For the first time in Australia, a State government will have a quantitative benchmark to measure progress towards its reduction target. It required a massive effort to identify all the regulatory obligations imposed by State regulation. The Office of Best Practice Regulation will also act as gatekeeper for new regulation.

The achievements of 2012–13 are a tribute to the hard work of many people, both inside and outside the Authority. The QCA's staff and their colleagues in government have worked together to deliver results for Queensland. Despite new and unexpected challenges, staff have maintained the QCA's high professional standards in all their work.

In many ways, the year past has been a watershed for the QCA. We have seen the retirement of our first CEO, Mr John Hall. John was an outstanding leader who established the QCA as a strong, independent regulator. The terms of three Members expired in 2012. We owe a great debt to my immediate predecessor as Chairman, Mr Brian Parmenter, as well as Mr Mark Christensen and Professor Justin Malbon who brought insight and expertise to the work of the Authority over many years. The standing of the Authority is a credit to John, Brian, Mark and Justin.

Finally, I acknowledge the unstinting support Dr David Watson and Dr Sally Pitkin have given to the Authority, well beyond what could be reasonably expected of part-time Members. It has been a privilege to work with all of my colleagues.

**Dr Malcolm Roberts**

BA(Hons) PhD GAICD  
Chairman

# CEO'S MESSAGE

As the incoming Chief Executive of the QCA, I would like to acknowledge the outstanding work of the organisation over a long period of time. The QCA has an excellent reputation for high quality, independent economic advice, and this is a reputation that I intend to preserve and enhance.

The focus of the QCA has been shifting over the last 12 months. In particular, the Office of Best Practice Regulation (OBPR) completed its first full year of operation. Also, there has been a gradual change of emphasis in the core or more traditional functions of economic regulation in the water, electricity, rail freight and ports sectors.

In 2012–13, OBPR prepared a report for Government on a framework for Measuring and Reducing the Burden of Regulation, which establishes a basis for reducing the scope and extent of restrictions specified in regulations and quasi-regulations. During the year, OBPR also assessed almost 250 regulatory proposals relating to changes being considered by Government.

As well, the QCA has received Ministerial Directions to conduct inquiries into new areas of activity – such as regulation of the Coal Seam Gas industry, and pricing disparities between medical and disability aids and equipment sold in Australia and particularly in Queensland, and those sold overseas.

Over the next 12 months, this shift in focus is expected to continue. More specifically, in its response to the recommendations of the Independent Commission of Audit, the Queensland Government announced that the role and functions of the QCA will be expanded to form the Queensland Productivity and Competition Authority. This productivity function is intended to complement at the state level the work of the Productivity Commission at the federal level.

At this stage, it is anticipated that amendments to the QCA Act will be considered by the Queensland Parliament during 2014, with the nature of the proposed productivity function to be further defined by the Government. Additional amendments to the QCA Act will be considered, to update and modernise access and price regulation provisions so that they reflect the commercial environment for regulated assets.

As a result, the QCA expects its workload to increase during 2013–14. Further references are expected from the Government on various aspects of productivity and related issues affecting the economic performance of the State. In addition, further attention will be given to measures that will support the Government's objective to reduce the regulatory burden on business and industry. Another potential area of activity is the application of competitive neutrality provisions to core government services becoming contestable. This follows from the Government's decisions on Commission of Audit recommendations to improve the productivity of the public sector.

This evolving role will necessitate some changes in the way in which the QCA is managed and organised internally, including greater flexibility in staffing and resourcing. The QCA also will adopt an enhanced external focus. This will include increased consultation across a wider range of government and other external stakeholders. These will be key priorities for the QCA both in the year ahead, and beyond. To this end, the QCA will be developing a new strategic plan to reflect its broader role in promoting greater competition, improved productivity and reduced regulation, with a view to enhancing economic efficiency and growth in the Queensland economy.

## **Mark Gray**

BEcon(Hons) Sfin FAIM GAICD  
Chief Executive Officer





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# THE AUTHORITY

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## IN BRIEF

The Queensland Competition Authority (QCA) is an independent statutory authority established in 1997 to promote competition as the basis for enhancing efficiency and growth in the Queensland economy. The QCA's primary role is to ensure that monopoly businesses operating in Queensland, particularly in the provision of key infrastructure, do not abuse their market power through unfair pricing or restrictive access arrangements.

In 2012–13, the QCA's role was expanded to include responsibility for regulatory reform, through the establishment of the Office of Best Practice Regulation. This supports the Queensland Government's objective of reducing the burden of regulation (or 'red tape') on business and industry, and society more generally.

# THE FULL PICTURE

## Economic Context

The Queensland Competition Authority (QCA) is responsible for regulating the market behaviour of businesses in Queensland to encourage them to operate as if they were in a competitive market environment where such conditions do not exist.

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 such as large scale infrastructure which require significant capital investment. This is because there may be only one possible supplier [for example, there may be only one possible site for a dam] or it may not be economic to have more than one supplier [for example, the costs of constructing a new electricity distribution system would simply outweigh the benefits].

In these cases, there may be limited, if any, competitive forces available to constrain the behaviour of the businesses, especially in the provision of energy, transport or water infrastructure. The role of the QCA is to put in place arrangements to prevent the abuse of market power which may arise from the lack of competition.

## Responsibilities

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

### Monopoly Prices Oversight

The QCA uses pricing and other regulatory arrangements, which are based on sound economic and commercial principles, to encourage monopoly businesses to operate responsibly and fairly in the absence of normal competitive market forces.

Prices oversight prevents government and non-government monopolies or near-monopolies from abusing their market power by charging excessive prices for their products or services – because they

either have no competitors, or existing ones are not effective.

The QCA may investigate the pricing practices of such monopolies or in other cases simply monitor their pricing practices, depending on the referral from the Ministers responsible for administering the QCA Act (at present the Treasurer and Minister for Trade and the Attorney-General and Minister for Justice). The QCA only performs these functions on request from the Ministers.

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

### Third Party Access

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

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

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

### Competitive Neutrality

The principle of competitive neutrality requires that government business activities that compete in the market with non-government or private business activities do so fairly and do not gain an unfair competitive advantage by virtue of being government-owned.

Their potential advantage could result from being exempt of any of the following:

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

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

## General Issues

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

Reflecting the Government's priorities, over the last 12 months the QCA has increased its focus on matters relating to regulatory reform and productivity. The Office of Best Practice Regulation plays a significant role in reducing the burden of regulation on business and industry.

Queensland has over 65,000 pages of regulation, more than any other State or Territory, and complying with these regulations may cost the State economy as much as \$2.5 billion a year.

The OBPR provides a transparent process to measure and manage the extent of the regulatory burden. It also sets benchmarks for government departments to measure their performance, as they work towards their goal of reducing the amount of regulation by 20% by 2018. The OBPR also has developed other measures to reduce the extent of regulation, including setting targets for reductions in the requirements embedded in legislation and accompanying regulations.

Responsibilities of the QCA in addition to those under the QCA Act are:

- providing service quality and setting retail electricity prices under the *Electricity Act 1994*, the Electricity Industry Code, the *Gas Supply Act 2003* and the Gas Industry Code
- reviewing charges payable to bulk water suppliers for the supply of bulk water to south east Queensland distributor-retailers (under the SEQ Water Mark Rules pursuant to the *Water Act 2000*)
- applying competitive neutrality principles to local government business activities under the *Local Government Act 1993* and the *Local Government Act 2009*.

## Application

In undertaking its roles, the QCA works in the following areas:

- Electricity
- Water
- Rail
- Ports
- Competitive neutrality
- Gas
- Best practice regulation.

# MEMBERS OF THE AUTHORITY

Under the QCA Act, the Governor in Council appoints at least three members on terms not exceeding five years each. In appointing members, regard is given to the members' collective knowledge and understanding of commerce, economics, the interests of consumers and the interests of the Government in government agencies that carry on business activities.

## CURRENT MEMBERS

### Dr Malcolm Roberts BA(Hons) PhD GAICD

Chairman – Dr Malcolm Roberts joined the QCA on 29 January 2013. In recent years, Dr Roberts has worked in the energy sector, including as the Chief Executive Officer of the Energy Networks Association and the Executive Director of the National Generators Forum.

His earlier roles include Policy Director for the Australian National Retailers Association and Chief Executive (Business Services) at the Housing Industry Association. Dr Roberts began his career in Canberra in the Department of the Prime Minister and Cabinet and served as a policy adviser to three Commonwealth Ministers over 10 years.

Appointment: 29 January 2013 – 28 January 2016



Dr Malcolm Roberts

### Dr David Watson BCom(Hons) AAUQ MA PhD

FCA FCPA

Deputy Chairman – Appointed in 2009, Dr Watson is the Chairman of Translational Research Institute Pty Ltd and a Director of Major Brisbane Festivals Pty Ltd. He 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.

Appointment: 5 November 2009 – 8 August 2016

### Dr Sally Pitkin LLB(QUT) LLM(QUT) PhD(Qld)

FAICD

Member – Dr Pitkin, who was appointed in 2008, is a lawyer and professional non-executive director. She holds board positions with corporations in the public, private and non-profit sectors.

Dr Pitkin is a former corporate partner with a leading Australian law firm, the Deputy President of the Queensland Division of the Australian Institute of Company Directors, and an Adjunct Professor in the University of Queensland Business School.

Appointment: 11 December 2008 – 8 August 2014



Dr David Watson



Dr Sally Pitkin

## PAST MEMBERS

### 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 Parmenter's term of office finished in December 2012

### 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, he 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.

Mr Christensen's term of office finished in December 2012

### 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.

Professor Malbon's term of office finished in April 2013

## CHIEF EXECUTIVE

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

Mr Hall retired as Chief Executive of the QCA in June 2013 and has served in this position since its inception in 1997. He 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. He is a director of Sunshine Coast Destination Ltd.

Appointment: 1 October 1997 – 30 June 2013

## INCOMING CHIEF EXECUTIVE

### Mr A Mark Gray BEcon(Hons) SFin FAIM GAICD

Mr Gray commenced with the QCA on 5 August 2013. He has vast experience in both the private and public sectors, and as a company director. He is the Chairman of the Royal Flying Doctor Service (Queensland Section).

During 2012–13, Mr Gray was the Chief Executive Officer for the Queensland Government's Independent Commission of Audit. Previously, he held senior executive positions in BDO and the Macquarie Group for 12 years. He had a distinguished career in Queensland Treasury, including five years as Deputy Under Treasurer.

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

Appointment: 5 August 2013 – 4 August 2018

# 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 QCA 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 QCA in 2012 where he is Director of Research.

## Mr Rick Stankiewicz BEcon MEconStuds

MProfAcc MBA

Director – Mr Stankiewicz has been with the QCA since its inception in 1997. Prior to joining the QCA, 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.

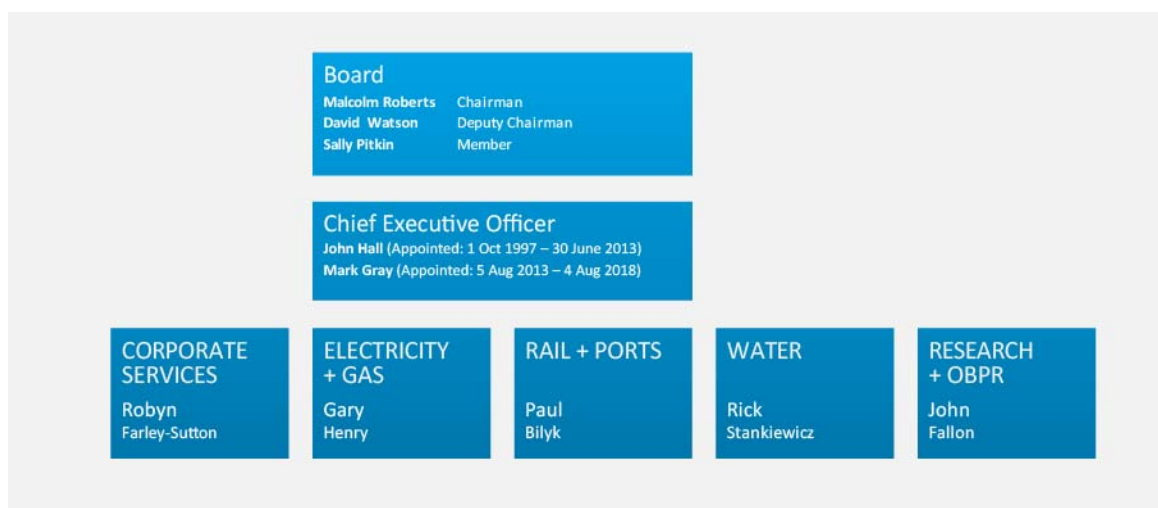
## Mr Gary Henry BCom(Econ)

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 QCA in 2000 when he assumed responsibility for energy regulation issues.

## Mrs Robyn Farley-Sutton BCom BEcon

Director – Mrs Farley-Sutton joined the QCA 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.

## ORGANISATION CHART AS AT 30 JUNE 2013



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# OUR TEAMS

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# RAIL

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## IN BRIEF

Since 1 July 2010, the rail network in Queensland has been operated by two separate companies – Aurizon Holdings and Queensland Rail.

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

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

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

Aurizon 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. The 2010 Access Undertaking is scheduled to terminate on 30 June 2014.

Queensland Rail's below-rail network is subject to the 2008 Access Undertaking, which is scheduled to terminate on 31 December 2013.

The QCA is considering draft access undertakings from Aurizon Network and Queensland Rail to replace the existing undertakings which will both expire in the coming year.



# THE FULL PICTURE

The two rail access undertakings set out the terms and conditions under which each of Aurizon 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 those tariffs, as they apply to coal train services in central Queensland and on the western system.

## Aurizon Network

Aurizon Network is subject to third party access arrangements under a 2010 Access Undertaking. This is to be replaced by a new undertaking which is being developed and which is expected to be finalised by 30 June 2014.

There are a number of outstanding issues not fully resolved at the time of the 2010 Access Undertaking. As outlined below, these have subsequently been subject to separate consideration. They are expected to be incorporated into the new Access Undertaking.

The table on pages 20–21 summarises the access undertaking framework for Aurizon Network.

### 2010 Access Undertaking

When the QCA approved Aurizon Network's 2010 Access Undertaking, a number of matters had not been fully resolved. Accordingly, the undertaking includes processes for the further consideration of matters such as:

- the investment framework
- the alternative standard access agreements
- a standard rail connection agreement
- performance incentives
- system rules.

The undertaking also provides for a number of annual approval processes, including the approval of reference tariffs, revenue cap adjustments and prudence of capital expenditure, as well as some ad hoc approval processes, such as defined review events.

### Standard User Funding Agreement and Investment Framework Amendments

The 2010 Access Undertaking required Aurizon Network to submit a proposed Standard User Funding Agreement (SUFA) and undertaking amendments that it considered necessary for

implementation of the undertaking's investment principles.

Aurizon Network submitted a proposed SUFA and accompanying draft amending access undertaking (DAAU) on 24 December 2010.

As Aurizon Network subsequently conceded the initial SUFA model unworkable, it withdrew its DAAU and committed to develop a new model in consultation with a working group of coal producers.

Aurizon Network formally submitted a new SUFA model and DAAU on 20 December 2012. However, Aurizon Network and the coal industry working group again agreed to renew negotiations on several key elements of the model. The QCA extended the consultation period on the revised SUFA to facilitate the negotiations that continued to the end of 2012–13.

The QCA understands that an in-principle agreement on a number of key elements of contention has been reached between the parties, and expects a further revised SUFA model to be submitted for consideration in 2013–14.

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

### Standard Rail Connection Agreement

Aurizon Network's 2010 Access Undertaking required it to develop a Standard Rail Connection Agreement (SRCA). 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 private connections.

On 30 June 2011, Aurizon Network submitted a proposed SRCA for consideration. As it needed to be amended in a number of key respects, the QCA on 29 June 2012 made a Draft Decision proposing not to approve it. Eight submissions were received in response to the SRCA Draft Decision.

On 14 December 2012, the QCA released a Final Decision not to approve the proposed SRCA, and requested Aurizon Network to amend its SRCA, in the way set out in the decision, by 8 February 2013. The amendments were to:

- provide greater certainty for private infrastructure owners (coal miners) wanting to connect to the network
- achieve a better balance between Aurizon Network's and miners' commercial interests
- ensure an appropriate allocation of responsibilities between parties
- address concerns that Aurizon Network could delay interconnection.

On 14 February 2013, Aurizon Network submitted an amended SRCA. The QCA could not automatically approve the resubmitted proposal as it did not comply with every aspect of the Final Decision.

However, following a further round of public consultation, approval of the amended SRCA was granted on 24 April 2013. The approved SRCA is largely consistent with Aurizon Network's proposal of 14 February 2013.

Unless otherwise agreed between the parties, any future rail connection agreements entered into during the term of the 2010 Access Undertaking must be consistent with the terms of the approved SRCA.

### Alternative Standard Access Agreements

Aurizon Network's 2010 Access Undertaking required it to develop a set of proposed alternative Standard Access Agreements (SAAs) for approval. The alternative SAAs are intended to give greater flexibility to coal miners to manage their own access rights, without having to be responsible for train operation matters. They seek to do this via a split contracting structure, whereby Aurizon Network would separately contract with miners and train operators for access rights and operational matters respectively.

On 29 April 2011, Aurizon Network submitted its proposed alternative SAAs for consideration. On 27 July 2012, a Draft Decision was published proposing not to approve the proposed alternative SAAs, as they needed to be amended in a number of key respects. The QCA received eight submissions on this alternative SAAs Draft Decision.

On 24 April 2013, the QCA released a Final Decision not to approve the proposed alternative SAAs as their proposals fell short of stakeholders' expectations in a number of key areas. In particular, the QCA saw a need for the alternative SAAs to be amended to:

- provide a contract structure enabling end-users to contract with Aurizon Network for

access rights without bearing liability for operational issues

- balance the interests of all parties, by appropriately allocating responsibilities and risk between parties
- promote effective competition, by giving end-users greater flexibility in managing their access rights and so create competitive tension between train operators.

The QCA requested Aurizon Network to submit its amended SAAs by 29 May 2013.

The resubmitted proposal was received on 5 June 2013, but the QCA could not automatically approve it, as it did not comply with every aspect of the decision – although the amended drafting did in fact improve the clarity and consistency of the alternative SAAs.

Further public consultation was conducted on this proposal, and one additional submission was received.

The QCA anticipates that this matter will be finalised early in 2013–14.

### Electric Infrastructure Tariff

In December 2011, Aurizon Network lodged a DAAU to implement a number of measures to encourage use of electric traction instead of diesel traction on the Blackwater system. The QCA issued a Draft Decision to reject Aurizon Network's DAAU to amend the electric infrastructure tariff on 27 July 2012.

The QCA proposed to reject the DAAU on the basis that, among other things, the proposed tariff changes (e.g. requiring diesel trains to pay for electric infrastructure they did not use) did not promote competition.

The QCA acknowledged that the electric infrastructure tariff, being an average price, could also be problematic – prices earlier in the life of an asset are likely to be higher than would otherwise be the case. A lower price would have been the more efficient economic signal – in line with the QCA's view that traction choice should be made in a competitive market, based on efficient prices that reflect efficient costs.

The QCA received 26 submissions which varied in their opinions on the Draft Decision.

With a view to reaching consensus on this matter, the QCA hosted a workshop in January 2013. Immediately before the workshop, the QCA released a staff paper setting out a possible way forward – without the potentially anti-competitive aspects of the original DAAU – and Aurizon Network withdrew its December 2011 DAAU.

The workshop highlighted again the polarised views on the initial DAAU.

On 24 April 2013, Aurizon Network submitted a new Blackwater electric infrastructure pricing DAAU that proposed to:

- replace the current average cost tariff with a fixed tariff over eight years
- defer revenue by recovering its electrification costs over two regulatory periods (2013–14 to 2020–21)
- introduce a mechanism for recouping any under-recovery of approved costs (including from diesel trains, at the end of the 2013 and 2017 undertakings).

In June 2013, the QCA received 11 submissions on the 2013 electric tariff DAAU, many of which were not supportive of the proposed new arrangements given the prospect that diesel trains could be asked to fund infrastructure they do not use.

### Capital Expenditure

Aurizon Network's 2010 Access Undertaking provides for the QCA to annually review, and include in the regulated asset base (RAB) if appropriate, the capital expenditure undertaken in the previous year.

Aurizon Network's 2011–12 claim is the largest to date (i.e. approximately \$1.3 billion) and includes:

- the Goonyella to Abbot Point expansion – at \$1.03 billion
- four new electric feeder stations in the Blackwater system – at \$184.6 million
- a large number of smaller projects, mainly to do with asset renewal.

The QCA's assessment of the 2011–12 claim is ongoing and it is expected to be finalised early in the first half of the 2013–14 financial year.

### Flood Review Event

Aurizon Network sought approval for the pass through of the costs (\$7.9 million) associated with the flooding events of December 2010 and January 2011. The QCA received four submissions on this application.

The QCA approved the flood review event application in November 2012, as:

- it was unlikely that there was any double-counting of costs between the flood claim and already approved maintenance costs
- Aurizon Network's rectification costs were not covered by its self-insurance arrangements
- repair and restoration works were conducted prudently.

### 2013 Extension DAAUs

Aurizon Network's 2010 undertaking was scheduled to terminate on 30 June 2013. As a proposed replacement undertaking was only submitted to the QCA on 30 April 2013, the 2010 undertaking needed to be extended.

On 4 April 2013, Aurizon Network submitted a DAAU to the QCA proposing to extend the terminating date of the 2010 undertaking to 30 June 2014, and to roll forward an adjusted version of existing tariffs for 2013–14.

However, stakeholders were dissatisfied with this proposal as they had anticipated a price decline, which they considered important given the cost pressures being felt by the coal industry.

Following further negotiations, including a pricing discussion hosted by the QCA, Aurizon Network withdrew its proposal on 26 April 2013 and submitted a revised DAAU, with lower tariffs, on 9 May 2013.

The revised DAAU still proposed to extend the terminating date of the 2010 undertaking to 30 June 2014, but suggested lower tariffs, that were acceptable to stakeholders.

On 31 May 2013, the QCA approved the revised extension DAAU. In doing so, the QCA noted that:

- the transitional tariffs are based on reasonable volume forecasts and are temporary, to be replaced by the approved 2013 Draft Access Undertaking (DAU) tariffs
- Aurizon Network intends to recover (or return) the difference between the transitional revenues and the approved 2013 DAU revenues through an adjustment charge, which will be submitted separately to the QCA for approval.

### 2013 Draft Access Undertaking

On 30 April 2013, Aurizon Network voluntarily submitted a DAU to replace the existing undertaking that was due to expire on 30 June 2013 – now extended to 30 June 2014.

The 2013 DAU is materially different to its 2010 undertaking in many respects.

Stakeholders (including Aurizon Network) have indicated a clear preference for a replacement undertaking to be in place by 30 June 2014.

The QCA is working to have an undertaking in place by this time – indeed, the QCA has agreed to an extended consultation period (until 10 October 2013) to allow Aurizon Network to consult with its customers on key aspects of the DAU, so that a commercial resolution can be achieved.

It is hoped that Aurizon Network's consultations will yield compromise solutions to issues of dispute with its customers. The QCA will also need to be satisfied that any agreed compromise solutions achieve a competitive outcome which is in the interest of both the public and stakeholders not involved in these discussions.

## Queensland Rail

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

Queensland Rail is being regulated under the 2008 Access Undertaking that the QCA approved for the then QR Network, as amended in June 2010 to include new tariffs for western system coal train services. The undertaking is under the terms of the Queensland Government's June 2010 transfer notice, which amended the QCA Act 1997. Queensland Rail set out to develop, and negotiate with its customers, a revised undertaking to replace the existing undertaking that was originally expected to expire on 30 June 2011.

During 2012–13, the QCA approved two DAAUs to extend the term of the 2008 undertaking. On 22 November 2012, the QCA approved an extension to 30 June 2013, followed by another approval on 28 May 2013, for an extension to 31 December 2013.

The QCA has also been considering replacements to the 2008 Access Undertaking, in particular the DAUs submitted in March 2012 and February 2013. In response to submissions made to the QCA, these DAUs were later withdrawn and replaced with revised versions.

The most recent revised DAU was submitted on 28 June 2013, amending the February 2013 DAU by including proposed reference tariffs for western system coal services.

The QCA has commenced consultation on the June 2013 DAU and is working towards completing its assessment by the end of 2013.

## Productivity Commission Inquiry

The Commonwealth's Productivity Commission (PC) is presently conducting a 12 month inquiry into the National Access Regime – as contained in Part IIIA of the *Commonwealth Competition and Consumer Act 2010* (CCA).

As Part 5 of the QCA Act is based on a nationally consistent access regime, the PC's inquiry has implications for the future work of the QCA, especially in the areas of rail and port infrastructure.

Consequently, the QCA made submissions to this inquiry that focused on:

- declaration criteria, in particular given the High Court's decision on the meaning of the 'uneconomical to duplicate' criterion
- the regulator's ability to give effect to its powers to require a facility owner to extend its facility.

The PC is expected to complete its final report by October 2013. This will then be considered by Council of Australian Governments, with a view to possible amendments to the National Access Regime (including Part 5 of the QCA Act).

# THE YEAR AHEAD

## Aurizon Network

In the year ahead, the QCA will focus on Aurizon Network's 2013 DAU.

While the QCA shares with stakeholders a desire to see the 2013 Access Undertaking in place by 1 July 2014, this remains a challenging objective for all involved.

The 2013 DAU, including its supporting material, is complex, voluminous and constitutes a significant change from the existing access undertaking. The timely approval of the 2013 DAU will require co-ordinated active engagement and compromise by all stakeholders.

The QCA will continue to address a number of other outstanding matters including the:

- development of a workable SUFA
- approval of the alternative SAAs
- proposed draft incentive mechanism
- 2013 electric infrastructure DAAU
- decisions on Aurizon Network's 2011–12 and 2012–13 capital expenditure claims
- implementation of system rules for Capricornia and Northern Bowen Basin.

## Queensland Rail

In 2013–14, the QCA will finalise its assessment of the DAU that will replace the existing 2008 undertaking.

## Aurizon Network (AN) Access Undertaking Framework

<b>Instrument</b>	<b>Purpose</b>	<b>Status</b> (as at 30 June 2013)	<b>Expected activity in 2013–14</b>
<b>2010 Access Undertaking (UT3)</b>	UT3 provides an over-arching framework for third party access arrangements applying to the AN's rail network in central Queensland.	<ul style="list-style-type: none"> <li>UT3 was due to expire 30 June 2013, but has been extended to 30 June 2014</li> <li>UT3 includes various unresolved matters which have been the subject of subsequent processes: <ul style="list-style-type: none"> <li>investment framework</li> <li>alternative standard access arrangements</li> <li>standard rail connection agreement</li> <li>performance incentives</li> <li>system rules.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>New access undertaking (UT4) to be approved by 30 June 2014 (See further details below).</li> </ul>
<b>Standard User Funding Agreement (SUFA) and investment framework amendments</b>	<p>SUFA provides a mechanism for coal miners to invest directly in extensions/expansions of the network, as a genuine alternative to investment by AN.</p> <p>The investment framework amendments facilitate the operation of SUFA and also set out the basis on which AN will invest in extensions or expansions.</p>	<ul style="list-style-type: none"> <li>AN submitted a proposed SUFA on 24 December 2010, but this was subsequently withdrawn as unworkable</li> <li>AN submitted new SUFA model and DAAU on 20 December 2012</li> <li>AN is expected to submit a further revised SUFA model for consideration in 2013–14.</li> </ul>	<ul style="list-style-type: none"> <li>Final SUFA and Investment Framework amendments scheduled to be approved in May 2014. AN intends to incorporate a finalised SUFA into its UT4 proposal.</li> </ul>
<b>Standard Rail Connection Agreement (SRCA)</b>	SRCA sets out standard terms and conditions for connection of private infrastructure to the AN network, thereby simplifying the negotiation process for private connections.	<ul style="list-style-type: none"> <li>AN submitted a proposed SRCA on 30 June 2011</li> <li>QCA issued a Final Decision not to approve the SRCA on 14 December 2012</li> <li>AN submitted an amended SRCA on 14 February 2013, which was also not approved by QCA</li> <li>QCA developed its own SRCA and this was approved on 24 April 2013.</li> </ul>	<ul style="list-style-type: none"> <li>AN intends to incorporate the approved SRCA into the finalised UT4. It will be reviewed as part of the QCA's consideration of UT4.</li> </ul>
<b>Alternative Standard Access Arrangements (SAAs)</b>	<p>The alternative SAAs are intended to give greater flexibility to coal miners to manage their own access rights, without having to be responsible for train operation matters.</p> <p>This involves a split contracting structure, whereby AN would separately contract with miners and train operators for access rights and operational matters respectively.</p>	<ul style="list-style-type: none"> <li>AN submitted a proposed alternative SAAs on 29 April 2011</li> <li>QCA issued a draft decision not to approve proposed alternative SAAs on 27 July 2012</li> <li>QCA issued a final decision not to approve proposed alternative SAAs on 24 April 2013</li> <li>AN submitted an amended alternative SAAs on 5 June 2013.</li> </ul>	<ul style="list-style-type: none"> <li>QCA approved its own alternative SAAs on 1 August 2013</li> <li>AN intends to incorporate the approved alternative SAAs into the finalised UT4. They will be reviewed as part of QCA's consideration of UT4.</li> </ul>



<b>Instrument</b>	<b>Purpose</b>	<b>Status</b> (as at 30 June 2013)	<b>Expected activity</b> <b>in 2013–14</b>
<b>Blackwater Electric Infrastructure Tariff</b>	The electric infrastructure tariff (AT <sub>5</sub> ) pays for the facilities required to supply electricity to electric trains on AN's network. AN has sought to amend the tariff to encourage use of electric traction on the Blackwater system, and reduce the risk of asset stranding.	<ul style="list-style-type: none"> <li>AN submitted a DAAU to amend the electric infrastructure tariff in December 2011</li> <li>QCA issued a draft decision proposing to reject the DAAU to on 27 July 2012</li> <li>AN submitted a new Blackwater Electric Infrastructure Pricing DAAU on 24 April 2013.</li> </ul>	<ul style="list-style-type: none"> <li>The Blackwater electric infrastructure tariff matter will be resolved in conjunction with the new access undertaking (UT4), which is scheduled apply from 1 July 2014.</li> </ul>
<b>Capital expenditure</b>	Access undertaking provides for QCA to annually review AN's capital expenditure and add to the regulated asset base (RAB) where appropriate.	<ul style="list-style-type: none"> <li>AN lodged a capital expenditure claim for 2011–12 on 30 November 2012.</li> </ul>	<ul style="list-style-type: none"> <li>QCA assessment of AN's 2011–12 claim expected to be finalised in first half of 2013–14</li> <li>AN is required to lodge its 2012–13 capital expenditure claim with QCA by 31 October 2013.</li> </ul>
<b>Flood Review Event</b>	Access undertaking provides for the pass through of costs associated with flood and other force majeure events.	<ul style="list-style-type: none"> <li>AN submitted an application for pass through of costs associated with the flooding events of December 2010 and January 2011 on 1 December 2011, and subsequently varied its claim on 13 August 2012</li> <li>QCA approved the flood review event application in November 2012.</li> </ul>	<ul style="list-style-type: none"> <li>On 5 August 2013, AN submitted an application for pass through of costs associated with the flood event of 24 January 2013</li> <li>QCA expects to make a decision on this application by the end of 2013.</li> </ul>
<b>2013 Extension Draft Amending Access Undertakings</b>	These provided for an extension of the 2010 Access Undertaking (UT3), due to delays in submission of a new proposed Access Undertaking (UT4), and for transitional tariffs for 2013–14.	<ul style="list-style-type: none"> <li>AN submitted a Draft Amending Access Undertaking (DAAU) on 4 April 2013</li> <li>AN withdrew its original DAAU on 26 April 2013 and submitted a revised DAAU on 9 May 2013</li> <li>QCA approved the revised extension DAAU on 31 May 2013.</li> </ul>	<ul style="list-style-type: none"> <li>Approval of the second Extension DAAU means that the 2010 Access Undertaking will expire on 30 June 2014 and will be replaced by a revised Access Undertaking (UT4), as outlined below.</li> </ul>
<b>2013 Access Undertaking (UT4)</b>	A revised 2013 Access Undertaking (UT4) will replace the 2010 Access Undertaking (UT3). It is intended that the finalised UT4 will incorporate the approved outcomes of outstanding UT3 processes, such as SUFA, the SRCA and the alternatives SAAs.	<ul style="list-style-type: none"> <li>AN submitted a DAU on 30 April 2013</li> <li>Public consultation period continuing, including AN's direct discussions with customers and other stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>Submissions from stakeholders due 10 October 2013</li> <li>QCA's Draft Decision on UT4 scheduled for December 2013</li> <li>QCA's Final Decision on UT4 scheduled for May 2014</li> <li>UT4 to apply from 1 July 2014.</li> </ul>

# PORTS

## IN BRIEF

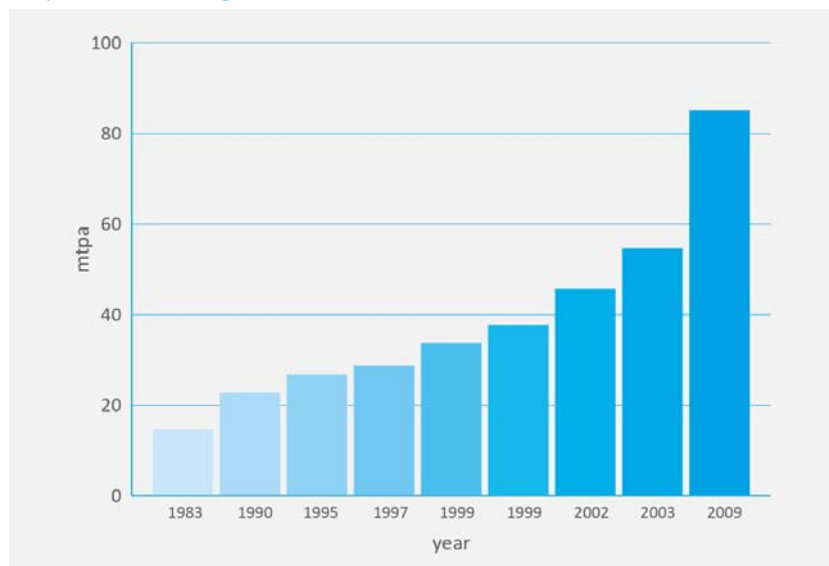
The coal handling services at the Dalrymple Bay Coal Terminal (DBCT) are declared for third party access under the QCA Act.

DBCT has been gradually expanded to 85 million tonnes per annum (mtpa), as shown in the chart below.

In 2012–13, the QCA approved outstanding expenditures related to these expansions.

There are no other ports in Queensland subject to third party access under the QCA Act.

### Expansion Stages 1983 to 2009



*Based on the latest data available*



# 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 DBCT Access 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.

## DBCT Post 85 Million Tonnes Per Annum Expansion Study Costs

In 2010, the DBCT 7x expansions from 60 to 85 mtpa were completed. While the 7x expansion works were being constructed, DBCT Management received access applications for additional terminal capacity – i.e. beyond 85 mtpa and up to 153 mtpa. DBCT Management commenced a study to identify options for further terminal expansions at a cost of \$5.8 million and subsequently discontinued the study when it concluded that a new terminal at the nearby Dudgeon Point, would attract greater user support.

In March 2013, DBCT Management sought approval for a \$0.0065 per tonne increase in its reference tariff based on the \$5.8 million expenditure on the post-85 mtpa expansion study.

In April 2013, following review of the prudence and necessity of the expansion costs related to the expansion study, the QCA approved DBCT Management's application and adjusted DBCT revenues and tariffs accordingly.

## Non-expansion Capital Expenditure

In May 2013, DBCT Management sought approval for \$11.3 million in non-expansion capital expenditure (NECAP) for 2012–13. These NECAP works related to compliance with statutory obligations (e.g. occupational health and safety regulations) or others which were outside the terminal's annual maintenance processes.

In May 2013, the QCA approved DBCT Management's application under the streamlined approvals process contained in the 2010 Access Undertaking, and adjusted DBCT revenues and tariffs accordingly.

## Roll-forward

The 2010 Access Undertaking provides for the QCA to annually approve the roll-forward of the terminal's regulated revenues and tariffs, to account for the impact of inflation. In May 2013, DBCT Management submitted an increase in the terminal's tariff, which was subsequently approved by the QCA.

Accordingly, on 1 July 2013, the reference tariff for DBCT was increased from \$2.9018 per tonne to \$2.9875 per tonne.

# THE YEAR AHEAD

The QCA anticipates that its involvement with the expansion of DBCT is largely complete, as further export capacity is likely to be developed through other terminals rather than through the existing DBCT facility.

The QCA expects further NECAP expenditure applications from DBCT Management, as DBCT requires certain capital projects to be undertaken to ensure the terminal complies with good operating and maintenance practices.

The QCA also expects to be involved in ongoing matters regarding improvements to the Goonyella coal supply chain, of which DBCT is an important component.

The QCA may also at any time receive applications for declaration for third party access under the QCA Act, of either other existing port facilities or new terminals that may be developed.

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# WATER

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## IN BRIEF

The QCA continued its interim price monitoring of south east Queensland (SEQ) water and wastewater distribution and retail businesses in 2012–13.

The QCA released its Final Report in July 2012 recommending Grid Service Charges (GSCs) to apply to bulk water suppliers in SEQ for 2012–13.

The QCA contributed to the development and implementation of SunWater's Implementation Plan. This plan is responding to issues raised in the QCA's Final Report on SunWater's irrigation prices (May 2012).

The QCA recommended irrigation prices to apply to seven Seqwater bulk water supply schemes (WSS) from 1 July 2013 to 30 June 2017.

# THE FULL PICTURE

## Monitoring of SEQ Water Retailers

The QCA's price monitoring role in 2012–13 related to the prices, costs and revenues of Queensland Urban Utilities and Unitywater.

This is the third year in a three-year interim price monitoring period. The QCA monitored the:

- annual change in retail water and wastewater prices for households and small business customers against the relevant CPI cap of 1.3%
- annual change in revenue from non-capped services against the change in the prudent and efficient costs of the activity
- revenues of each activity against prudent and efficient costs.

The QCA released a Draft Report for 2012–13 in January 2013. The report was finalised by 31 March 2013.

The QCA found no evidence of an exercise of monopoly power in 2012–13. The entities also complied with the CPI cap.

The three year-long interim price monitoring has contributed to an environment which has constrained the entities from exercising their market power. Since 2010–11, for example, they have reduced their capital expenditure estimates for 2010–13 by \$1.1 billion and their operating expenditure estimates by \$127 million.

## Bulk Water Grid Service Charges – SEQ

Prior to 1 January 2013, Grid Service Charges (GSCs) were paid by the Water Grid Manager to the Grid Service Providers (GSPs), Seqwater 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), the QCA was directed by the Minister to investigate and recommend GSCs for 2012–13.

The QCA was required to undertake a detailed review of fixed and variable operating costs, including an appropriate benchmark, and to provide advice on potential efficiency improvements.

The QCA's Final Report was released on 31 July 2012. The report recommended a total GSC of \$923.7 million, equivalent to \$3,431/ML.

On 24 August 2012, the Minister accepted a total GSC of \$898.9 million. Amongst the factors that contributed to this lower GSC were the removal of

the Queensland Water Commission levy and the setting of higher efficiency targets.

On 1 January 2013, the GSPs and the Water Grid Manager were merged to become one entity, Seqwater.

## Irrigation Prices for SunWater Schemes

The QCA 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 QCA released its Final Report in May 2012, with the Minister accepting the recommended prices on 30 June 2012.

The Minister also required SunWater to develop and progress an implementation plan on ways to consider certain recommended pricing practices – in consultation with the QCA and peak irrigation bodies.

Among the requirements of the implementation plan was that SunWater had to identify, by 31 December 2012, examples of high-level and detailed options analyses for renewals projects with separately recorded drainage costs in relevant distribution systems.

The QCA has worked with SunWater to develop templates for options analyses and will continue to work with SunWater on further recommendations from the report.

## Irrigation Prices for Seqwater Schemes

In January 2012, the QCA was directed to recommend irrigation prices, falling within nine tariff groups, to apply to seven Seqwater schemes, from 1 July 2013 to 30 June 2017 (a four-year price path).

Seqwater provided its initial submissions and Network Service Plans (NSPs) by 30 April 2012. However, Seqwater substantially revised the NSPs in November 2012.

The QCA held two rounds of direct customer consultation for all schemes (May–June 2012 and February–March 2013), and invited submissions from all stakeholders. A third round of consultation was conducted for schemes with a strong likelihood of material changes in prices between the Draft and Final Reports.

The Final Report was provided to Ministers on 30 April 2013.

At the start of the review, Seqwater estimated irrigation costs to be \$5.6 million for 2013–14.

After reviewing the prudence and efficiency of capital and operating costs, the QCA reduced these costs by 20%, or \$1.1 million.

In 2013–14, irrigation revenue is forecast at \$1.7 million, compared to total costs of \$4.5 million. The subsidy of \$2.8 million will reduce over time as prices increase, in line with the QCA recommendations.

The QCA recommended that after tariff rebalancing on 1 July 2013, volumetric charges increase by CPI (2.5%) for each subsequent year of the price path. However, where existing revenues are below recommended costs, the recommended fixed charges increase each year at \$2/ML plus CPI (2.5%) until either cost recovery is reached or until 2016–17 when the four-year price period ends.

The QCA recommended that Seqwater implement a customer engagement framework and that the Department of Natural Resources and Mines put in place permanently tradable water entitlements, where not already in place, by 30 June 2017.

## THE YEAR AHEAD

### Monitoring of SEQ Water Retailers

The QCA has been directed to monitor the prices of the monopoly water and wastewater activities of the Queensland Urban Utilities and Unitywater for a further two-year period from 2013 to 2015.

Following the de-amalgamation of Allconnex Water, the QCA will commence monitoring the prices of water and wastewater services provided by the Gold Coast, Redland and Logan City Councils in 2013–15.

The review is to be completed by 31 March 2014.

### Long Term Regulatory Framework and Pricing Principles – SEQ Distributor-Retailers

In June 2013, the QCA was directed to investigate and report on a long-term regulatory framework for the retail activities of the five SEQ distribution/retail entities.

The framework is to operate from 1 July 2015, and must set out the form of regulation, pricing principles (including for water, sewerage, trade waste, recycled water and stormwater services), reporting arrangements for service quality performance, and the treatment of certain regulatory parameters.

The QCA is to develop a work plan in consultation with the entities and provide a Final Report by 30 September 2014.

### Irrigation Prices for SunWater Schemes

The QCA will continue to liaise with SunWater to progress the matters requiring attention under the implementation plan.

### Irrigation Prices for Seqwater Schemes

As at 30 June 2013, the Ministers' decision regarding the QCA's recommendations had not yet been received.

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

### Gladstone Area Water Board

The QCA reviewed the pricing practices of the Gladstone Area Water Board in 2000, 2004, 2007–09 and 2010.

It is expected that the next review, relating to their prices from 1 July 2015, will commence during 2013–14.

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# ELECTRICITY

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## IN BRIEF

### Retail

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

### Distribution

The QCA also has a number of distribution-related functions under the Electricity Code. These include:

- monitor distributors' performance against Minimum Service Standards (MSS) and payments made to customers for failing to meet Guaranteed Service Levels (GSLs)
- review Ergon Energy's Minimalist Transitioning Approach (MTA)
- develop guidelines for credit support arrangements that apply between distributors and retailers.

# THE FULL PICTURE

## Retail

### Determining Notified Electricity Prices for 2013–14

On 5 September 2012, the Minister for Energy and Water Supply (the Minister) provided the QCA with a Delegation under section 90AA(1) of the Electricity Act requiring the QCA to determine notified prices for the period from 1 July 2013 to 30 June 2016. While the Delegation is for a three-year period (rather than a one year period as previously), notified prices are set annually.

For 2013–14, the QCA followed the same approach introduced in 2012–13 and based prices on a network (N) + retail (R) cost build-up approach.

With a strong focus on community feedback, the QCA released three consultation papers on a range of matters relevant to the review (21 September, 2 November and 12 December 2012). The QCA also held a series of workshops across Queensland during November and December 2012.

In February 2013, the QCA received an updated Delegation, postponing the publication date of the Draft Determination by one week.

On 22 February 2013, the QCA released a Draft Determination (with accompanying customer fact

sheets explaining the proposed increases). This was followed by a further series of workshops in February and March 2013.

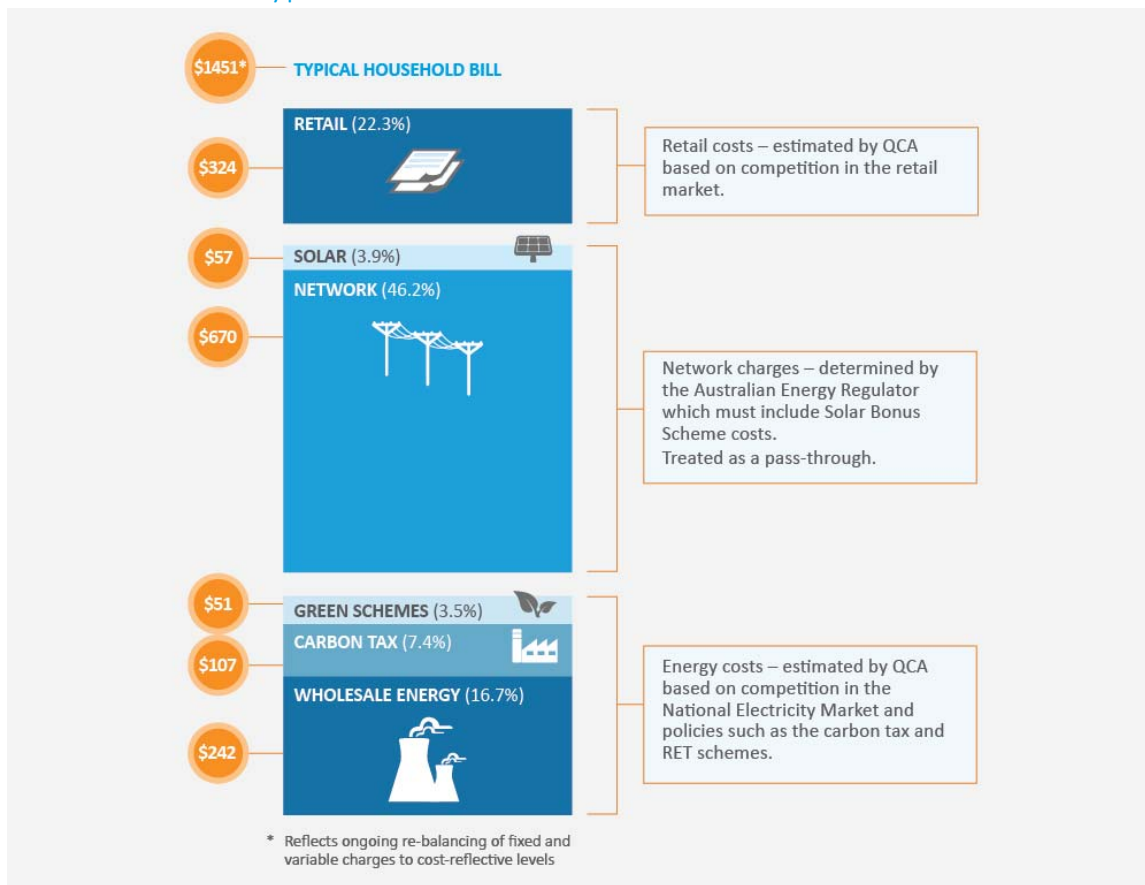
The QCA published its Final Determination (again with accompanying customer fact sheets) and gazetted notified prices on 31 May 2013.

The main contributing factor to the increase in cost-reflective notified prices in 2013–14 has been the higher underlying costs of supply, which in turn have been predominantly driven by increases in network charges. The breakdown of these costs is detailed in the figure below.

For customers on the main residential tariff (tariff 11), a three-year transitional path was established to rebalance the fixed and variable components to cost-reflective levels by 1 July 2015. In 2013–14, the annual bill of a typical customer on tariff 11 will increase by 22.6%, or approximately \$268.

The QCA also implemented further transitional measures for customers on 'transitional' and 'obsolete' business tariffs, of which there are nine, given the significant price increases many would face if immediately moved to cost-reflective tariffs. The QCA determined price increases for these tariffs of between 14% and 24%. However, on 12 June 2013, the Electricity Act was amended to allow the Minister to cap increases in transitional and obsolete tariffs to no more than 10% for 2013–14.

## Breakdown of a Typical Residential Bill 2013–14



Directions Under Section 253AA of the Electricity Act

#### [Advice on Ergon Energy's very large customers](#)

On 4 September 2012, the Minister issued the QCA with a Direction Notice seeking advice on whether, and how, site specific network charges should be passed through to notified prices paid by Ergon Energy's very large customers – those consuming more than 4 GWh per annum.

*The QCA provided its advice to the Minister on 30 November 2012.*

#### [Advice on Renewable Energy Target and Solar Bonus Scheme](#)

On 20 August 2012, the QCA received a Direction Notice to provide advice in relation to the costs and bill impacts of the Commonwealth Government's Renewable Energy Target (RET) scheme and the Queensland Government's Solar Bonus Scheme (the Scheme).

The QCA provided its advice to the Minister in relation to the impacts of the RET scheme on 29 August 2012.

On 5 September 2012, the Minister issued the QCA with a further request for advice in relation to the costs and bill impacts of the Scheme, which replaced part of the information requested in the initial Direction Notice.

The QCA provided its advice to the Minister on 24 September 2012.

#### [Determining a Fair and Reasonable Solar Feed-in Tariff for Queensland](#)

On 7 August 2012, the QCA received a Direction Notice requiring it to investigate and report on a fair and reasonable value for energy generated by small scale solar photovoltaic (PV) systems and exported to the Queensland electricity grid – including ways it could be implemented in Queensland.

The Direction Notice also required the QCA to advise on the updated costs of the existing Solar Bonus Scheme (the Scheme) and any options to minimise or more equitably share these costs – including a potential retailer contribution.

The QCA released an Issues Paper in August 2012, a Draft Report in November 2012 and a Final Report on 22 March 2013.

The Final Report provided advice to the Minister to inform the Queensland Government's own review of the Scheme.

#### [Advice on Carbon Tax and Renewable Energy Target](#)

On 3 April 2013, the Minister provided the QCA with a Direction Notice seeking advice on the amount the carbon price and Renewable Energy Target (RET) scheme contribute to the annual electricity costs of a typical household.

The QCA provided its advice to the Minister on 31 May 2013.

#### [Price Comparator](#)

The QCA 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 QCA on the performance of its functions under the Electricity and Gas Acts, including writing and amending 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 QCA's website.

#### [Amendments to the Electricity Code](#)

##### [Meter Switch Seal Disconnections](#)

On 21 December 2012, the QCA received a request from Energex for certain amendments to be made to the Electricity Code in relation to the disconnection of customers, specifically the use of a 'Meter Switch Seal' – where the main switch is turned off and a sticker placed over the switch – as a means of disconnecting multi-occupancy premises.

The proposed change would allow Energex to perform a physical disconnection service order using a Meter Switch Seal where a physical disconnection would interrupt supply to multiple premises or could not be completed due to safety reasons.

The QCA proposed a number of other minor amendments to correct formatting and typographical errors.

The QCA released a Consultation Paper on 22 March 2013 and a Draft Decision on 21 June 2013 and is considering stakeholder feedback on the proposed amendments.



## Removal of Planning Requirements

On 20 December 2012, the Minister requested that the QCA consider amending the Electricity Code to remove the requirement for distributors to prepare Network Management Plans and Summer Preparedness Plans each year. The changes were necessary to avoid duplication with the National Electricity Rules, which the Australian Energy Market Commission (AEMC) has recently amended to require distributors to prepare Distribution Annual Planning Reports (DAPRs). These AEMC amendments effectively eliminate the need for Network Management Plans and also reflect the improved overall planning by distributors.

As allowed under Section 120PA of the Electricity Act, the QCA did not consult on these amendments, primarily because they were unlikely to be controversial or materially detrimental to anyone's interests, given the extensive consultation that the AEMC undertook when developing the DAPR requirements.

Version 13 of the Electricity Code was approved by the Minister on 26 February 2013 and is available on the QCA's website.

## Performance Monitoring

Under the Electricity Code, retailers are required to report quarterly to the QCA on the number of small customer disconnections and complaints and the number of small and large customers on market and non-market contracts. This information is available on the QCA's website.

## Enforcement Issues

To ensure compliance with the Electricity Code, the QCA 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 QCA considered a number of code contravention issues by retailers during the year. In each instance, the relevant issues were resolved satisfactorily and no further action was necessary.

## 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 QCA retains responsibility for a number of functions regarding the distributors, including performance monitoring and Ergon Energy's Minimalist Transitioning Approach.

## Performance Monitoring

Under the Electricity Code, the QCA monitors the performance of the distributors against their Minimum Service Standards (MSS) and the level of payments made to customers for failing to meet their Guaranteed Service Levels (GSLs).

The distributors provided quarterly reports on their performance which was published on the QCA's website, as well as an annual assessment of performance.

## Enforcement Issues

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

There were no code contraventions by distributors.

## Minimalist Transitioning Approach for Ergon Energy

The Electricity Code provides for Ergon Energy to operate under a minimalist transitioning approach (MTA) that allow it 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 a high demand for these services in its network area. The Electricity Code requires the QCA to review annually whether this arrangement should continue.

After its sixth annual review, the QCA decided in June 2013 that the MTA arrangements should remain in place for a further year.



# THE YEAR AHEAD

## Retail

The QCA will continue to undertake a range of activities related to the retail electricity industry during 2013–14, including its retail pricing function and reporting on the development of the retail electricity market in Queensland.

A new price comparator will be launched in coming months, allowing consumers to instantly compare relevant gas and electricity contracts on offer by all Queensland retailers.

This time last year, it was expected that a large part of the QCA's electricity related responsibilities would transfer to the AER upon implementation of the National Energy Customer Framework (NECF). However, as the NECF is yet to take effect in Queensland, the QCA will continue to undertake a number of activities related to the retail electricity industry. These include:

- oversee retailer reporting requirements under the Electricity Code
- monitor and (if necessary) enforce retailer compliance with the Electricity Code
- maintain the retail gas and electricity price comparator.

## Distribution

Under the Electricity Code, the QCA will continue to monitor the distributors' quarterly and annual performances against the Minimum Service Standards and the Guaranteed Service Level payments.

In addition, the QCA will conduct a review of these two arrangements to apply to both distributors (Energex and Ergon Energy) from the beginning of the next AER regulatory control period, 1 July 2015.

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# GAS

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## IN BRIEF

Queensland's retail gas market has been fully deregulated since 2007.

In 2012–13, there were seven gas retailers in Queensland (AGL and Origin Energy both hold two retail licenses), up from three retailers in 2011–12, an increase that was mirrored in the level of competitive activity during the year.

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

## THE FULL PICTURE

During the year, the QCA continued to monitor the Queensland gas retailers' compliance with the Gas Code.

### Customer Transfer Statistics

The QCA continued to monitor developments related to the competitiveness of the market. The Australian Energy Market Operator (AEMO) recorded 20,753 customer transfers in the 12 months to 31 May 2013.

### Price Comparator

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

### 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. This information is available on the QCA's website.

In 2012–13, the QCA did not consider any Gas Code contravention issues.

## THE YEAR AHEAD

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

As detailed above in Electricity, an improved price comparator, with improved functionality, will be launched in coming months.

The QCA will also continue to report on the development of the retail gas market in Queensland.

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# RESEARCH

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## IN BRIEF

A Research team was established in January 2012. It focuses its research on regulatory and policy matters of relevance to the QCA's operations. The team also provide support for specific sector reviews and investigations.

## THE FULL PICTURE THE YEAR AHEAD

In 2012–13, the Research team undertook work on a number of regulatory issues:

- regulatory objectives and pricing principles
- the QCA'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 regulatory arrangements
- pricing principles applicable to expansions of monopoly assets, particularly when average costs of new capacity are rising
- access regulation and an economic efficiency test
- best practice regulation of business, including reducing red tape.

Discussion and technical papers on most of these topics have been prepared and released for public consultation. Revised papers will be made publicly available following consultation. Some of the papers will be in the form of guidelines, while others will be frameworks and/or principles for how the QCA may consider an issue.

The Research team is also responsible for an in-house seminar program.

A number of staff also spent considerable time on work for the Office of Best Practice Regulation following its establishment in July 2012.

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, amongst others:

- the theory and practice of incentive regulation
- benchmarking methods and practice
- regulatory and public policy matters consistent with Government priorities.

The team will also undertake specific assignments for sector teams as the need arises.

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# OFFICE OF BEST PRACTICE REGULATION

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## IN BRIEF

On 30 June 2012, the QCA Act was amended so that the QCA 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
- review and report on the adequacy of regulatory impact statements prepared for proposed legislation.

These amendments led to the establishment of the Office of Best Practice Regulation (OBPR) within the QCA.

During the OBPR's first year of operation, it finalised a report to the Queensland Government on a potential framework for reducing the regulatory burden.

Key recommendations in this report include how to measure the regulatory burden, priorities for reforms and mechanisms to create incentives for reform.

Many of these recommendations were accepted by the Queensland Government and are in the process of being implemented.

# THE FULL PICTURE

The QCA established the Office of Best Practice Regulation (OBPR) with three functions:

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

In 2012–13, OBPR prepared a report for Government on a framework for Measuring and Reducing the Burden of Regulation. The framework included numerous recommendations relating to measurement of the burden of regulation, prioritisation of reforms and mechanisms to create incentives for reform. Most of the recommendations have been accepted by government and many are in the process of implementation.

One of the recommendations was to measure the burden of regulation by counting the number of restrictions specified in regulations and quasi-regulations. This approach represents a refinement and implementation of an approach pioneered by the Province of British Columbia, Canada where it facilitated a reduction in regulatory requirements of 36.4% in 3 years and 42.8% over 12 years.

The task provides, for the first time in Australia, a whole-of-government database for a measure of regulatory burden. This will be used to set regulatory burden reduction targets and allow for easier monitoring of progress in meeting those targets.

Another distinctive recommendation was the establishment of a permanent formal complaints mechanism for individuals, businesses and community organisations to raise relevant issues in relation to regulatory matters. The portal is available on the QCA's website:

[qca.org.au/OBPR/Feedback](http://qca.org.au/OBPR/Feedback)

Issues of significance would be reported to Government to consider.

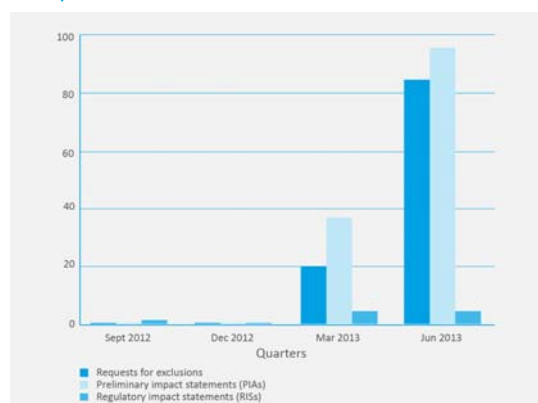
Several other regulatory reviews were undertaken during the year, including one of the costs and benefits of mandatory water tanks for new buildings. Other reviews were on the costs and benefits of a national rail safety regulator and a national commercial vessel safety regulator.

In terms of its regulatory assessment role, OBPR has responsibility for assessing:

- whether a regulatory proposal can be excluded from the regulatory impact statement (RIS) system
- whether a regulatory proposal is likely to have significant impacts
- the adequacy of Consultation and Decision RISs and Post-Implementation Reviews prepared by agencies.

OBPR was given full responsibility for the above functions on 4 March 2013 and in the period to 30 June 2013 has assessed almost 250 regulatory proposals, as shown in the chart below.

## Assessment of Regulatory Proposals 2012–13



OBPR is required to assess regulatory proposals in accordance with the RIS guidelines, prepared by the Queensland Government. These guidelines provide details of the procedure for Government agencies to follow in developing regulation.

The RIS system has been designed to improve the rigour with which new regulation is made, to ensure greater efficiency of regulations and, more broadly, to reduce the burden of regulation.

# THE YEAR AHEAD

In 2013–14, the QCA will continue to review and advise on RISs and to maintain the permanent formal complaints portal on its website.

The RIS process will continually be improved through extensive communication with, and education of, Government agencies as well as the broader community. In particular, OBPR will engage pro-actively with agencies to ensure that the RIS process forms an integral part of the policy development processes of government.

Reviews are being undertaken of the regulatory arrangements for coal seam gas and price disparities for medical aids. Further reviews are expected to occur depending on Ministerial Directions.

OBPR will also prepare its first annual report, which will have two sections:

- The first section will cover progress in reducing the regulatory burden in Queensland. It will report on regulatory burden in terms of a regulatory requirements count, a page count and an analysis of the impacts of key regulatory reforms in dollar terms.
- The second section will focus on the RIS process. This part of the report will provide details of the regulatory assessments undertaken as well as an overview of compliance by Queensland Government agencies with the RIS system in 2012–13.

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# COMPETITIVE NEUTRALITY

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## IN BRIEF

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

Competitive neutrality is an important part of the national competition policy and should be implemented in as far as it supports the public interest.

## THE FULL PICTURE      THE YEAR AHEAD

The definition of the principle of competitive neutrality in the QCA Act covers tax equivalent payments, debt guarantee fees and regulatory requirements, but does not refer to pricing principles. It also only applies to significant State-owned business activities. Breaches of competitive neutrality are difficult to sustain under this definition.

Although the QCA continues to receive enquiries about competitive neutrality matters, no formal complaints were received in 2012–13.

In 2013–14, the QCA will continue to perform its role in responding to inquiries and investigating complaints in relation to competitive neutrality.

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

The importance of competitive neutrality has been highlighted recently by the emphasis the Queensland Commission of Audit Report gave to implementing contestability for many government services. Revisions to the definition of competitive neutrality and the guidelines for the application of the definition may therefore have to be considered, to ensure government services are made contestable on a competitively neutral basis.

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# CORPORATE MATTERS

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# CORPORATE GOVERNANCE

The QCA places great emphasis on corporate governance. Under the guidance of QCA Members, management has implemented an administrative framework which ensures that the QCA 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 QCA's financial systems was conducted by BDO in 2012 and it found that the QCA's systems were appropriate.

In December 2012, the QCA upgraded its payroll system and introduced a new human resource information system (HRIS). A review by BDO confirmed the upgraded system and associated procedures were appropriate and segregation of duties was effective.

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

The vast majority of the QCA's records are held electronically. During the 2012–13 financial year, the QCA upgraded its record keeping systems to facilitate easier and more reliable filing of email correspondence. The Information Handling Officer ensured all staff were trained in using the new system and provides on-going support for all information handling issues. While all public records are retained as long as necessary, the QCA is developing its retention and disposal schedule to reduce the number of records held over time. There have been no serious breaches of information security during the financial year.

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

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

All staff contracts include the requirement to abide by the Code of Conduct and to disclose any

potential or actual conflicts of interest. Staff and Members receive training on the Code of Conduct and are aware of their requirement to behave in accordance with the highest ethical standards.

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

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

## Financial Position

Detailed financial statements are included in a later section of this report. The QCA's total expenditure amounted to \$18.7 million, with the major items of expenditure being salaries (\$9.9 million) and payments for specialist advice (\$8.2 million).

The expenditure incurred by the QCA in undertaking its duties and responsibilities was within budget. Expenditure, including performance against budget, is reported monthly to QCA Members. The QCA 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 QCA'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 QCA for performing the functions.

Fees are reviewed annually, on a financial year basis, for as long as the QCA 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 QCA 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 QCA and will not necessarily be passed through to end-users. No such fees were levied during 2012–13.

The QCA received an additional grant of \$2.5 million to support establishing and running the Office of Best Practice Regulation.

## Environmental Statement

The QCA maintains an environmentally friendly workplace. In May 2013, the QCA moved offices from 12 Creek Street to 145 Ann Street, Brisbane.

The new offices have been designed to be energy efficient and have been awarded a 6 star Green rating. Building management is targeting a 5 star NABERS Energy rating and 4 Star NABERS Water rating.

The low sill heights and a stepped perimeter ceiling maximise the natural light penetration and together with centrally activated lighting save energy.

The building facilities also support the QCA life/work balance policies with excellent end-of-trip facilities (including secure bike racks and showering facilities) and heart-smart stairs (running between all floors from ground level).

Building management has confirmed no asbestos has been used in the construction of 145 Ann Street.

## Other information

Information on the following items is available on the QCA's website:

- Right to Information and Information Privacy
- Record Keeping
- Overseas Travel
- Specialist Services.

# OUR STAFF

## Equal Employment Opportunities

The QCA 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 QCA's work environment.

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

## Workforce Profile

The number of staff employed by the QCA as at 30 June 2013 was 72 (61.7 FTE).

For the financial year ended 30 June 2013, the QCA had a permanent retention rate of 94% (the percentage of permanent employees still employed over the 12 months to 30 June 2013) and a permanent separation rate of 9.9% (the number of permanent employees who separated from the QCA in the 12 months to 30 June 2013, as a percentage of permanent employees as of 30 June 2013).

## Workforce Planning

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

Candidates for permanent employment are sourced through online and print advertising, as well as through recruitment agencies, referrals and direct applications. Where practical, organisations covered by Standing Offer Arrangements are utilised for specialist recruitment services.

## Employee Performance Management Framework

All new staff are required to attend a corporate induction program. Induction provided covers HR and general QCA policies, IT and systems induction, and general orientation.

Each year, staff are formally reviewed through a performance evaluation process. The results of performance reviews are considered in the annual salary review process, and inform decisions regarding staff suitability for promotions.

The QCA has a strong culture of employee development, with all staff required to attend at least two days of professional development each year (including training, seminars and conferences). A training plan is developed for each staff member during the annual performance evaluation process to guide the professional development opportunities offered to individual staff members.

Additional development is supported through the QCA's Study and Research Assistance Scheme. Two staff participated in this scheme in 2012–13, undertaking formal studies at a post-graduate level.

## Flexible Work Arrangements

The QCA supports a healthy life/work balance and to that end encourages staff to take recreation leave on a regular basis. In addition, a range of flexible work arrangements are available to staff including part time work, flexible work hours, purchased vacation, work from home and 19 day months. Uptake of these flexible arrangements is detailed in the table overleaf.

## Leadership Development Framework

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

## Industrial and Employee Relations Framework

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

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

## Early Retirement, Redundancy and Retrenchment

The QCA did not offer any staff an early retirement, redundancy or retrenchment package during the 2012–13 financial year.

### Workforce Profile as at 30 June 2013

	Total	Male	Female	NESB*	A&TSI**
Chief Executive	1	1	0	0	0
Directors	5	4	1	0	0
Technical Staff	53	34	19	9	1
Support Staff	13	5	8	2	0
<b>Total</b>	<b>72</b>	<b>44</b>	<b>28</b>	<b>11</b>	<b>1</b>

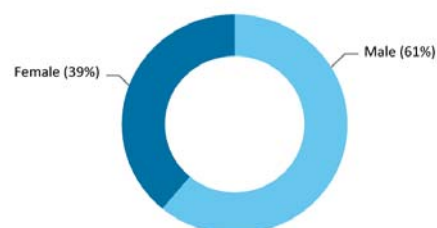
### Breakdown by Age as at 30 June 2013

	Total Staff	Male	Female	NESB*	A&TSI**
Age 15–24	3	3	0	2	0
25–34	26	11	15	2	0
35–44	21	12	9	5	0
45 +	22	18	4	2	1

\* Non English Speaking Background (voluntary disclosure)

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

### Breakdown by Gender



### Breakdown by Age



## Flexible Work Arrangements as at 30 June 2013

	Part-time Work	Flexible Work Hours	Purchased Vacation	Working from Home	19 Day Month
Total number of staff participating	10	3	1	3	2
Male	2	2	1	2	2
Female	8	1	0	1	0
Aged <24	0	0	0	0	0
Aged 25–34	4	0	0	0	0
Aged 35–44	5	3	1	0	1
Aged 45+	1	0	0	3	1

## MEETINGS OF THE QCA

Twenty-five meetings of the QCA were held during 2012–13

	Scheduled Meetings		Out of Session Meetings	
	Held	Attended	Held	Attended/ Responded
Malcolm Roberts	5	5	8	8
Brian Parmenter	5	5	4	3
Mark Christensen	5	3	4	3
Justin Malbon	9	9	10	10
Sally Pitkin	12	9	13	11
David Watson	12	12	13	13

# STAFF LIST

AS AT 30 JUNE 2013

## Team Leaders

Catherine Barker BA BEcon GradCert(AppFin&Inv)  
(part-time)

Rod Bogaards BEcon MEcon

Angus MacDonald BAgEcon(Hons)  
GradDipSE(Econ&Bus)

Charles Millsteed 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

Dan Barclay BBus(Econ)

Clotilde Bélanger BAppScAgEcon

Michael Blake BSc(Math.Econ) BA(History) MPublPol  
PhD(Econ.Theory)

Christopher Boulis BBus(IntTrade) MEcon

Matthew Bradbury BEcon MBus(AppFin)  
GradCertBltEnv&Eng

Courtney Chester BA BNatResEcon(Hons)  
MAppAnthro&PartDev (part-time)

Farhana Chowdhury BBusAdmin MIntEcon&Finance

Jennie Cooper BCA BCom(Hons) (part-time)

William Copeman BEcon/Arts(ComSci) (part-time)

Hiresh Devaser BEcon(Hons)

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

Adam Hamilton BEcon(Hons)

Marco Hatt BIntBus MIntEcon&Finance

Keith Hutchinson BBus(Econ) GradCertPubGov

Ann Jones BEcon MCom(Econ)(Hons) (part-time)

James Keating BSc(BusEcon&IntBus) MEcon

Dan Kelley BEcon MEcon PhD(Econ)

Robyn Le BEcon BCom

Adam Liddy BEcon(Hons) GradCertMan

Wei Fang Lim BEcon

Wilson Liu DipElecComp&CommEng BEcon(Hons)

Kian Nam Loke BEcon(Hons)

Sean Mackay BLEisureMgt BCom MCom

Fiona McAnally BEcon MAppliedFin

Sean McComish BEcon(Hons) MEcon

Shannon Murphy BEcon GDipBus(AppliedFin)  
(part-time)

Rimu Nelson BEcon

Angella Nhan BEng(Hons) MSc(Econ)

Matthew Rintoul BBus MAppEcon

Mark Scanlan BCom(Econ) MCom(Econ)

Russell Silver-Thomas BA BEcon(Hons)

Alicia Toohey BBusMan MBusEcon (part-time)

Stephen Wisenthal BAEcon(Hons)

Natalya Zelenyuk BFin MEcon (part-time)

Katja Zerafa BA BEcon

Ana Zolotic BSc(Microbiology) BEcon

## Support

Carola Hofmann MA(European Studies)

Donna Kilbride (part-time)

Mandy Lappe B BehaviouralSc; GDipHRMIR; MEd

Sabina O'Donoghue JP(Qualified)

Joanne O'Leary BCom(Hons)

John Palm BBus CPA

Annette Seargent BA MBA

Jason Smith

Richard Stevens BADEs(Hons)

Jacqueline Stokes DipHR (part-time)

Kim Vanderberg DipBus(FrontlineMgt)

David Walsh BTech

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# OUR PUBLICATIONS

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## Publications 2012–13

Summary of publications released and submissions received

	Submissions	Publications
Competitive Neutrality	0	0
Electricity	193	39
Gas	0	5
Ports	3	2
Research	20	5
Rail	155	25
Water	210	42
Office of Best Practice Regulation	35	7
Other	0	2
<b>Total</b>	<b>616</b>	<b>127</b>

## Publicly Available Publications

Printed copies of the publicly available publications can be obtained from the QCA's office or in PDF format from the QCA's website.

Release Date	Title
2013	
June	Draft Decision: Proposed Amendments to the Electricity Industry Code – MSS Disconnection
June	Final Decision: 2013 Review of Minimalist Transitioning Approach for Ergon Energy
May	Final Determination: Regulated Retail Electricity Prices 2013–14
May	Media Release: Queensland Electricity Prices to Rise Sharply in 2013–14
May	Fact Sheet: 2013–14 Electricity Prices
May	Fact Sheet: 2013–14 Residential Tariff
May	Fact Sheet: 2013–14 Business Tariffs
May	Fact Sheet: 2013–14 Transitional Arrangements
May	Fact Sheet: Seqwater Irrigation Price Review 2013–17 – Overview

<b>Release Date</b>	<b>Title</b>
<b>May</b>	Fact Sheet: Seqwater Irrigation Price Review 2013–17 – Cedar Pocket Water Supply Scheme
<b>May</b>	Fact Sheet: Seqwater Irrigation Price Review 2013–17 – Central Brisbane River Water Supply Scheme
<b>May</b>	Fact Sheet: Seqwater Irrigation Price Review 2013–17 – Central Lockyer Valley Water Supply Scheme
<b>May</b>	Fact Sheet: Seqwater Irrigation Price Review 2013–17 – Logan River Water Supply Scheme
<b>May</b>	Fact Sheet: Seqwater Irrigation Price Review 2013–17 – Lower Lockyer Valley Water Supply Scheme
<b>May</b>	Fact Sheet: Seqwater Irrigation Price Review 2013–17 – Mary Valley Water Supply Scheme
<b>May</b>	Fact Sheet: Seqwater Irrigation Price Review 2013–17 – Morton Vale Pipeline Tariff Group
<b>May</b>	Fact Sheet: Seqwater Irrigation Price Review 2013–17 – Pie Creek Tariff Group
<b>May</b>	Fact Sheet: Seqwater Irrigation Price Review 2013–17 – Warrill Valley Water Supply Scheme
<b>May</b>	Media Release: QCA Recommends New Prices for South East Queensland Irrigators
<b>May</b>	Final Decision: Queensland Rail's May 2013 Draft Amending Access Undertaking
<b>May</b>	Administrative Process: Aurizon Network's 2013 Draft Access Undertaking
<b>May</b>	Approval of Dalrymple Bay Coal Terminal Management's 2013–14 Annual Revenue Requirement Roll-forward and 2012–13 Non-Expansion Capital Expenditure Applications
<b>April</b>	Consultation Paper: Review of Ergon Energy's Minimalist Transitioning Approach – 2013
<b>April</b>	Final Approval: Standard Rail Connection Agreement
<b>April</b>	Final Report: SEQ Price Monitoring 2012–13 – Part A – Overview
<b>April</b>	Final Report: SEQ Price Monitoring 2012–13 – Part B – Detailed Assessment
<b>April</b>	Final Report: Seqwater Irrigation Price Review 2013–17 – Volume
<b>April</b>	Final Report: Seqwater Irrigation Price Review 2013–17 – Volume 2: Cedar Pocket Water Supply Scheme
<b>April</b>	Final Report: Seqwater Irrigation Price Review 2013–17 – Volume 2: Central Brisbane River Water Supply Scheme
<b>April</b>	Final Report: Seqwater Irrigation Price Review 2013–17 – Volume 2: Central Lockyer Valley Water Supply Scheme
<b>April</b>	Final Report: Seqwater Irrigation Price Review 2013–17 – Volume 2: Logan River Water Supply Scheme
<b>April</b>	Final Report: Seqwater Irrigation Price Review 2013–17 – Volume 2: Lower Lockyer Valley Water Supply Scheme
<b>April</b>	Final Report: Seqwater Irrigation Price Review 2013–17 – Volume 2: Mary Valley Water Supply Scheme

<b>Release Date</b>	<b>Title</b>
<b>April</b>	Final Report: Seqwater Irrigation Price Review 2013–17 – Volume 2: Warrill Valley Water Supply Scheme
<b>April</b>	Fact Sheet: Monitoring of South East Queensland Retail Water and Wastewater Prices and Costs for 2012–13
<b>April</b>	Media Release: Monitoring of South east Queensland Retail Water and Wastewater Prices and Costs for 2012–13
<b>April</b>	Draft Decision: Capricornia System Rules
<b>April</b>	Final Decision: Aurizon Network’s Proposed Standard Access Agreements
<b>April</b>	Discussion Paper: Aurizon Network – UT4 and Reference Tariffs from 1 July 2013 – Agenda
<b>April</b>	Discussion Paper: Aurizon Network – UT4 and Reference Tariffs from 1 July 2013 – Minutes
<b>April</b>	Discussion Paper: Aurizon Network – UT4 and Reference Tariffs from 1 July 2013 – Follow-up Letter
<b>April</b>	Final Decision: Dalrymple Bay Coal Terminal Management’s Post-85 mtpa Expansion Study Costs
<b>April</b>	Research Discussion Paper: Split Cost of Capital
<b>April</b>	Discussion Paper: Capacity Expansion and Access Pricing for Rail and Ports
<b>April</b>	Research Discussion Paper: Regulatory Objectives and the Design and Implementation of Pricing Principles
<b>March</b>	Final Report: Estimating a Fair and Reasonable Solar Feed-in Tariff for Queensland
<b>March</b>	Fact Sheet: Fair and Reasonable Solar Feed-in Tariff for Queensland
<b>March</b>	Media Release: Fair and Reasonable Solar Feed-in Tariff for Queensland
<b>March</b>	Consultation Paper: Requested Amendments to the Electricity Industry Code Customer Disconnections Provisions
<b>March</b>	Summary of Aurizon Network’s Goonyella to Abbot Point Expansion Draft Amending Access Undertaking Key Elements
<b>March</b>	Authority’s Proposed Standard Rail Connection Agreement for Aurizon Network
<b>March</b>	Report: Electricity: Market and Non-market Customers – December Quarter 2012
<b>March</b>	Report: Electricity: Market and Non-market Customers Time Series – December Quarter 2012
<b>March</b>	Report: Electricity: Small Electricity Customer Disconnections, Hardship and Complaints – December Quarter 2012
<b>March</b>	Report: Gas: Small Gas Customer Disconnections, Hardship and Complaints – December Quarter 2012
<b>March</b>	Authority’s Submission to the Productivity Commission Inquiry into the National Access Regime
<b>February</b>	Draft Determination: Regulated Retail Electricity Prices 2013–14
<b>February</b>	Media Release: Queensland electricity prices expected to rise in 2013–14
<b>February</b>	Fact Sheet: Why are electricity prices rising?



<b>Release Date</b>	<b>Title</b>
<b>February</b>	Fact Sheet: Tariff 11. The main residential tariff
<b>February</b>	Fact Sheet: Proposed Changes to Farm and Irrigation Tariffs for 2013–14
<b>February</b>	Electricity Industry Code Version 13
<b>February</b>	Media Release: Queensland Competition Authority CEO to retire
<b>February</b>	Seqwater Irrigation Price Review 2013–17 – Summary Issues from Consultation Round 2 – Cedar Pocket Dam Water Supply Scheme
<b>February</b>	Seqwater Irrigation Price Review 2013–17 – Summary Issues from Consultation Round 2 – Central Brisbane River Water Supply Scheme
<b>February</b>	Seqwater Irrigation Price Review 2013–17 – Summary Issues from Consultation Round 2 – Central Lockyer Valley Water Supply Scheme and Morton Vale Pipeline
<b>February</b>	Seqwater Irrigation Price Review 2013–17 – Summary Issues from Consultation Round 2 – Logan River Water Supply Scheme
<b>February</b>	Seqwater Irrigation Price Review 2013–17 – Summary Issues from Consultation Round 2 – Lower Lockyer Valley Water Supply Scheme
<b>February</b>	Seqwater Irrigation Price Review 2013–17 – Summary Issues from Consultation Round 2 – Mary Valley Water Supply Scheme and Pie Creek
<b>February</b>	Seqwater Irrigation Price Review 2013–17 – Summary Issues from Consultation Round 2 – Warrill Valley Water Supply Scheme
<b>February</b>	Issues Paper: 2012 Standard User Funding Agreement Draft Amending Access Undertaking
<b>February</b>	Final Report: Measuring and Reducing the Burden of Regulation
<b>January</b>	Draft Report: SEQ Price Monitoring 2012–13 – Part A – Overview
<b>January</b>	Draft Report: SEQ Price Monitoring 2012–13 – Part B – Detailed Assessment
<b>January</b>	Final Decision: Aurizon Network’s 2011–12 Revenue Cap Adjustment Application
<b>January</b>	SEQ Price Monitoring 2013–15: Weighted Average Cost of Capital
<b>January</b>	Discussion Paper: Workshop on the Electric Infrastructure Tariff (AT5)
<b>January</b>	Workshop on Electric Infrastructure Tariff (AT5) – Minutes
<b>2012</b>	
<b>December</b>	Consultation Paper: Regulated Retail Electricity Prices 2013–14 – Cost Components and Other Issues
<b>December</b>	Final Decision: Aurizon Network’s Standard Rail Connection Agreement
<b>December</b>	Draft Report: Seqwater Irrigation Price Review 2013–17 – Volume 1: Overview
<b>December</b>	Draft Report: Seqwater Irrigation Price Review 2013–17 – Volume 2: Cedar Pocket Water Supply Scheme
<b>December</b>	Draft Report: Seqwater Irrigation Price Review 2013–17 – Volume 2: Central Brisbane River Water Supply Scheme
<b>December</b>	Draft Report: Seqwater Irrigation Price Review 2013–17 – Volume 2: Central Lockyer Valley Water Supply Scheme

<b>Release Date</b>	<b>Title</b>
<b>December</b>	Draft Report: Seqwater Irrigation Price Review 2013–17 – Volume 2: Logan River Water Supply Scheme
<b>December</b>	Draft Report: Seqwater Irrigation Price Review 2013–17 – Volume 2: Lower Lockyer Valley Water Supply Scheme
<b>December</b>	Draft Report: Seqwater Irrigation Price Review 2013–17 – Volume 2: Mary Valley Water Supply Scheme
<b>December</b>	Draft Report: Seqwater Irrigation Price Review 2013–17 – Volume 2: Warrill Valley Water Supply Scheme
<b>December</b>	Report: Electricity: Market and Non-market Customers – September Quarter 2012
<b>December</b>	Report: Electricity: Market and Non-market Customers Time Series – September Quarter 2012
<b>December</b>	Report: Electricity: Small Electricity Customer Disconnections, Hardship and Complaints – September Quarter 2012
<b>December</b>	Report: Gas: Small Gas Customer Disconnections, Hardship and Complaints – September Quarter 2012
<b>November</b>	Consultation Paper: Regulated Retail Electricity Prices 2013–14 – Transitional Issues
<b>November</b>	Draft Report: Estimating a Fair and Reasonable Solar Feed-in Tariff for Queensland
<b>November</b>	Decision: QR Network’s Flood Review Event Application
<b>November</b>	Decision: QR Network’s Endorsed Variation Events Application
<b>November</b>	Decision: Queensland Rail’s 2008 Undertaking – Extension of Termination Date
<b>November</b>	Discussion Paper: Risk and the Form of Regulation
<b>November</b>	Discussion Paper: The Risk-free Rate and the Market Risk Premium
<b>November</b>	Interim Report: Measuring and Reducing the Burden of Regulation
<b>November</b>	Report: Assessment of Proposed Repeal of Water Saving Regulations
<b>October</b>	Decision: QR Network’s Proposed 2010–11 Asset Base Roll-forward
<b>October</b>	QR Network’s Electric Traction Draft Amending Access Undertaking – Issues for further comments
<b>October</b>	Decision: QR Network’s Revised Proposed 2009–10 Asset Base Roll-forward
<b>September</b>	Report: Electricity: Market and Non-market Customers – June Quarter 2012
<b>September</b>	Report: Electricity: Market and Non-market Customers Time Series – June Quarter 2012
<b>September</b>	Interim Consultation Notice: Regulated Retail Electricity Prices 2013–14
<b>September</b>	Report: Electricity: Small Electricity Customer Disconnections, Hardship and Complaints – June Quarter 2012
<b>September</b>	Report: Gas: Small Gas Customer Disconnections, Hardship and Complaints – June Quarter 2012
<b>September</b>	Report: Electricity: Annual Report on Minimum Service Standards and Guaranteed Service Level Performance – 2011–12

Release Date	Title
September	Annual Report 2011–12
August	Issues Paper: Review of Solar Feed-in Tariff for Queensland
August	Report: Electricity: Retailers' Compliance with the Electricity (Retail Billing Guaranteed Service Level) Code – March Quarter 2012
August	Issues Paper: Measuring and Reducing the Burden of Regulation
July	Report: Small Electricity Customer Disconnections, Hardship and Complaints – March Quarter 2012
July	Final Decision: Ergon Energy Minimalist Transitioning Approach Review 2012
July	Gas Industry Code version 5
July	Report: Small Gas Customer Disconnections, Hardship and Complaints – March Quarter 2012
July	Draft Decision: QR Network's Proposed Standard Access Agreements
July	Draft Decision: QR Network Electric Traction Services Draft Amending Access Undertaking
July	Approval of QR Network's 2009–10 Regulatory Asset Base Roll-forward
July	Final Report: South East Queensland Grid Services 2012–13

### Reports to Government (not publicly available)

Release Date	Title
2013	
June	Report to the Minister for Energy and Water Supply: Performance of the Authority's Functions under the <i>Electricity Act 1994</i> and the Gas Supply Act 2003
May	Final Report: Regulatory Requirements: Measurement and Targets for Queensland Government Departments
2012	
December	Report to the Minister for Energy and Water Supply: Performance of the Authority's Functions under the <i>Electricity Act 1994</i> and the Gas Supply Act 2003
November	Draft Report: Review of the National Rail Safety Regulation and Investigation Reform
October	Regulatory Review: National Marine Safety Regulator



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# FINANCIAL STATEMENTS

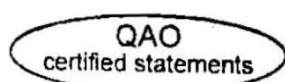
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# STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2013

	Notes	2013 \$	2012 \$
<b>Income from Continuing Operations</b>			
Government Grant		6,500,000	3,500,000
Fees		11,856,700	9,268,855
Other Income	3	567,772	676,380
<b>Total Revenue</b>		<b>18,924,472</b>	<b>13,445,235</b>
<b>Gains/Losses</b>			
Gain/(Loss) on sale of plant and equipment		(3,950)	643
<b>Total Income from Continuing Operations</b>		<b>18,920,522</b>	<b>13,445,877</b>
<b>Expenses from Continuing Operations</b>			
Members Expenses		407,047	284,464
Employee Expenses	4	9,889,846	7,218,028
Supplies and Services	5	8,226,623	5,355,615
Depreciation and Amortisation		158,282	204,591
Other Expenses	6	34,795	32,675
<b>Total Expenses from Continuing Operations</b>		<b>18,716,592</b>	<b>13,095,377</b>
<b>Operating Result from Continuing Operations</b>		<b>203,930</b>	<b>350,505</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>		<b>203,930</b>	<b>350,505</b>

The accompanying notes form part of these financial statements

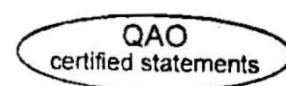


# STATEMENT OF FINANCIAL POSITION

as at 30 June 2013

	Notes	2013 \$	2012 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	7	9,865,872	14,066,467
Receivables	8	4,311,339	117,944
Other	9	126,840	127,990
<b>Total Current Assets</b>		<b>14,304,052</b>	<b>14,312,401</b>
<b>Non Current Assets</b>			
Plant and Equipment	10	3,444,735	175,427
<b>Total Non Current Assets</b>		<b>3,444,735</b>	<b>175,427</b>
<b>Total Assets</b>		<b>17,748,786</b>	<b>14,487,828</b>
<b>Current Liabilities</b>			
Payables	11	719,779	599,938
Accrued Employee Benefits	12	1,057,106	504,803
Unearned Revenue	13	4,034,868	4,849,468
Lease Incentive Liability	13	330,000	-
<b>Total Current Liabilities</b>		<b>6,141,753</b>	<b>5,954,209</b>
<b>Non Current Liabilities</b>			
Accrued Employee Benefits	12	816,776	752,291
Lease Incentive Liability	13	2,805,000	-
<b>Total Non Current Liabilities</b>		<b>3,621,776</b>	<b>752,291</b>
<b>Total Liabilities</b>		<b>9,763,529</b>	<b>6,706,501</b>
<b>Net Assets</b>		<b>7,985,257</b>	<b>7,781,328</b>
<b>Equity</b>			
Contributed Equity		1,559,000	1,559,000
Accumulated Surplus		6,426,257	6,222,328
<b>Total Equity</b>		<b>7,985,257</b>	<b>7,781,328</b>

The accompanying notes form part of these financial statements

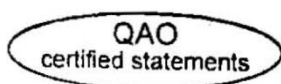


# STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2013

	Accumulated Surplus		Contributed Equity	
	2013	2012	2013	2012
	\$	\$	\$	\$
<b>Balance 1 July</b>	6,222,328	5,871,823	1,559,000	1,559,000
Operating Result from Continuing Operations	203,930	350,505	-	-
<b>Balance 30 June</b>	<b>6,426,257</b>	<b>6,222,328</b>	<b>1,559,000</b>	<b>1,559,000</b>

The accompanying notes form part of these financial statements



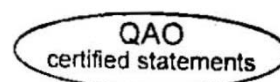


# STATEMENT OF CASH FLOWS

for the year ended 30 June 2013

	Notes	2013 \$	2012 \$
<b>Cash flows from operating activities</b>			
<i>Inflows:</i>			
Government Grant		6,500,000	3,500,000
Fees		11,042,100	11,404,600
Interest		561,996	675,633
Other		2,944	918
GST collected on services provided		1,104,240	1,142,097
GST input tax credits from ATO		1,248,158	590,075
		<b>20,459,438</b>	<b>17,313,323</b>
<i>Outflows:</i>			
Members Expenses		(407,047)	(284,464)
Employee Expenses		(10,178,843)	(7,132,284)
Other Operating Expenses		(8,093,575)	(5,318,992)
GST paid to Suppliers		(1,448,741)	(700,440)
GST remitted to ATO		(1,104,240)	(1,142,097)
		<b>(21,232,445)</b>	<b>(14,578,277)</b>
<b>Net cash provided by / (used in) operating activities</b>		<b>(773,006)</b>	<b>2,735,046</b>
<b>Cash flows from investing activities</b>			
<i>Inflows:</i>			
Proceeds from disposal of Plant and Equipment		-	643
<i>Outflows:</i>			
Payments for Plant and Equipment		(3,427,589)	(10,070)
<b>Net cash provided by / (used in) investing activities</b>		<b>(3,427,589)</b>	<b>(9,427)</b>
<b>Cash flows from financing activities</b>			
<i>Outflows:</i>			
<b>Net cash provided by / (used in) financing activities</b>		<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents		<b>(4,200,596)</b>	<b>2,725,619</b>
Cash and cash equivalents at beginning of financial year		14,066,467	11,340,848
<b>Cash and cash equivalents at end of financial year</b>	7	<b>9,865,872</b>	<b>14,066,467</b>

The accompanying notes form part of these financial statements



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

## **Note 1:**

### Objectives and principal activities of the Authority

The Queensland Competition Authority (the "Authority") is a statutory body established under the *Queensland Competition Authority Act 1997* (QCA Act). Its aim is to perform specified services associated with national competition policy in Queensland. Broadly, the Authority is responsible for:

- subject to reference or declaration by the Ministers (the Treasurer and Minister for Trade and the Attorney-General and Minister for Justice), undertaking prices oversight of monopoly or near monopoly Government and some Non-Government business activities;
- receiving and investigating competitive neutrality complaints against significant government and local government business activities;
- accrediting significant government and local government business activities as complying with the principle of competitive neutrality;
- overseeing and arbitrating third party access to infrastructure; and
- undertaking such other activities relating to competition, industry, productivity or best practice regulation as the Ministers may direct.

## **Note 2:**

### Summary of Significant Accounting Policies

#### a) Statement of Compliance

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

These financial statements are general purpose financial statements and have been prepared on an accruals basis in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations.

With respect to compliance with Australian Accounting Standards and Interpretations, the Authority has applied those requirements applicable to not-for-profit entities, as the Authority is a not-for-profit entity.

In addition, the financial statements materially comply with the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2013, and other authoritative pronouncements.

Except where stated, the historical cost convention is used.

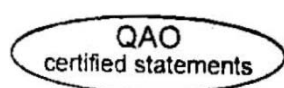
In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next 12 months, being the Authority's operational cycle.

#### b) Revenue and Expenses

The Government grant is recognised when received or when an entitlement is established, while other revenue is recognised when earned. Expenses are recognised when incurred.

Fee revenue is recognised in the accounting period in which the services are rendered and is in compliance with the requirements set out in the *Queensland Competition Authority Regulation 2007*.

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



#### c) Leasing

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

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

The lease incentive received is recognised as an integral part of the rent expense, over the term of the lease.

The Authority does not have any finance leases.

#### d) Plant and Equipment

The Queensland State Government's policy, titled *Non-Current Asset Policies for the Queensland Public Sector*, establishes prescribed asset measurement methods and recognition thresholds. In accordance with these policies, the assets of the Authority are measured at depreciated cost. On acquisition, assets are valued at cost including all expenses necessary to have the asset ready for use.

Items of plant and equipment with a cost or other value equal to or in excess of \$5,000 are recognised for financial reporting purposes in the year of acquisition. Items with a lesser value are expensed in the year of acquisition.

Depreciation of plant and equipment is calculated on a straight line basis so as to allocate the net cost of each asset, less its' estimated residual value, progressively over its' estimated useful life to the Authority. Fixtures and fittings are depreciated over the lesser of the unexpired period of the Authority's building lease and the estimated useful life, while other plant and equipment is depreciated over the estimated useful life.

In general, the following depreciation rates have been used:

Office Equipment:	10% to 33%
Computer Equipment:	20% to 33%
Fixtures and Fittings:	10% to 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 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 2012–13 are detailed below.

Position	Responsibilities	Current Incumbents	
		Contract Classification and Appointment Authority	Date Appointed to position (End date of position)
<b>Chairman</b>	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.	<i>Governor in Council/QCA Act 1997</i>	13 October 2005 (8 December 2012)
<b>Chairman</b>	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.	<i>Governor in Council/QCA Act 1997</i>	29 January 2013
<b>Deputy Chairman</b>	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.	<i>Governor in Council/QCA Act 1997</i>	4 September 2005 (8 December 2012)
<b>Deputy Chairman</b>	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.	<i>Governor in Council/QCA Act 1997</i>	29 January 2013
<b>Member</b>	Members are collectively responsible for the Authority's duties and responsibilities, in accordance with the QCA Act.	<i>Governor in Council/QCA Act 1997</i>	11 December 2008
<b>Chief Executive</b>	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 (30 June 2013)

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.

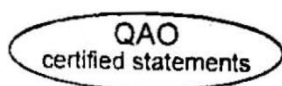
i) Receivables

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 and cash equivalents – held at fair value through profit and loss

Receivables – held at amortised cost

Payables – held at amortised cost

#### 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 the Chief Executive Officer 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 11

Accrued Employee Benefits – note 12

Unearned Revenue – 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

AASB 1053 Application of Tiers of Australian Accounting Standards applies as from reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two Tiers of reporting requirements – Australian Accounting Standards (commonly referred to as 'Tier 1'), and Australian Accounting Standards – Reduced Disclosure Requirements (commonly referred to as 'Tier 2'). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the Tier 1 and Tier 2 requirements is that Tier 2 requires fewer disclosures than Tier 1.

Pursuant to AASB 1053, and in accordance with Queensland Treasury and Trade's policy, the Authority has chosen to adopt Tier 2 requirements for their general purpose financial statements. As also permitted by Queensland Treasury and Trade, the Authority voluntarily adopted AASB 1053 earlier than its effective date. The Authority has elected to apply AASB 1053 as from the reporting period 1 July 2012 to 30 June 2013. Details of which disclosures in standards and interpretations are not required under Tier 2 reporting are set out in amending standards AASB 2010–2, AASB 2011–2, AASB 2011–6 and AASB 2011–11 (which also apply from reporting periods beginning on or

after 1 July 2013). However, Treasury and Trade's Financial Reporting Requirements effectively do not allow application of AASB 2011–6 in respect of controlled entities, associates or interests in jointly controlled entities.

On this basis, key disclosures the Authority no longer needs to include are:

- the disclosure in this note regarding the expected implication for the Authority of Australian Accounting Standards and Interpretations that have been issued but are not yet effective;
- a Statement of Financial Position as at the beginning of the earliest comparative period, if an accounting policy is applied retrospectively, if a retrospective restatement of items is made in the financial statements, or if an item is reclassified in the financial statements;
- the reconciliation of the carrying amount of property, plant and equipment for the comparative period;
- the reconciliation of the Authority's operating result to its net cash from operating activities; and
- many of the disclosures required in relation to financial instruments, particularly all disclosures that convey information about the various risks the Authority is exposed to from its financial instruments.

The Authority is not permitted to early adopt a new or amended accounting standard ahead of its specified commencement date unless approval is obtained from Queensland Treasury and Trade. Therefore, no other accounting standards and interpretations that have been issued but are not yet effective have been adopted by the Authority ahead of their effective dates. The Authority will apply these standards and interpretations once they become effective.

The Authority did not voluntarily change any other accounting policies during 2012–13. Australian accounting standard changes applicable for the first time for 2012–13 have had minimal effect on the Authority's financial statements.

<b>Note 3:</b>	<b>2013</b>	<b>2012</b>
<b>Other Income</b>	<b>\$</b>	<b>\$</b>
Interest	564,828	675,462
Revenue from Right To Information requests	-	918
Other	2,944	-
<b>Total</b>	<b>567,772</b>	<b>676,380</b>

<b>Note 4:</b>	<b>2013</b>	<b>2012</b>
<b>Employee Expenses</b>	<b>\$</b>	<b>\$</b>

#### **Employee Benefits**

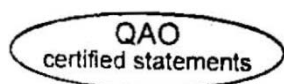
Salaries	7,746,420	5,500,932
Employer Superannuation Contributions	686,441	722,808
Long Service Leave Central Scheme Levy	146,876	118,692

#### **Employee Related Expenses**

Payroll tax	387,051	292,495
Staff Training Costs	355,632	232,381
Staff Recruitment Costs	483,556	303,405
Other Staff Expenses	67,279	31,421
Workers Compensation Premium	16,591	15,894
<b>Total</b>	<b>9,889,846</b>	<b>7,218,028</b>

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

68.5                      51.2



## 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

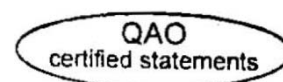
Performance bonuses are not paid and one termination payment was made during the year.

1 July 2012 – 30 June 2013

Position	Short Term Benefits		Long Term Benefits	Post Employment	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	\$	\$	\$	\$	\$	\$
Chairman	156,641	-	3,289	10,540	-	170,471
Chairman	39,465	-	-	3,246	-	42,711
Deputy Chairman	55,889	-	-	5,030	-	60,919
Deputy Chairman	-	-	-	19,658	-	19,658
Member	46,058	-	-	4,145	-	50,203
Member	27,385	-	-	2,465	-	29,850
Chief Executive	423,462	-	8,893	25,000	225,000	682,355
<b>Total Remuneration</b>	<b>748,900</b>	<b>-</b>	<b>12,182</b>	<b>70,084</b>	<b>225,000</b>	<b>1,056,166</b>

1 July 2011– 30 June 2012

Position	Short Term Benefits		Long Term Benefits	Post Employment	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	\$	\$	\$	\$	\$	\$
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
<b>Total Remuneration</b>	<b>509,060</b>	<b>33,703</b>	<b>8,255</b>	<b>144,169</b>	<b>-</b>	<b>695,187</b>



**Note 5:****Supplies and Services**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Specialist Services	5,185,989	3,465,799
Occupancy Costs (including operating lease rentals)	2,113,254	1,327,357
Information Technology Costs	359,865	226,368
Travel and Accommodation Costs	51,400	50,096
Bank Fees and Charges	14,417	14,044
General Administration Costs	266,696	124,100
Other	235,002	147,851
<b>Total</b>	<b>8,226,623</b>	<b>5,355,615</b>

**Note 6:****Other Expenses**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
External Audit Fees*	23,000	23,000
Insurance Premiums	11,795	9,675
<b>Total</b>	<b>34,795</b>	<b>32,675</b>

\*There are no non-audit services included in this amount.

**Note 7:****Cash and Cash Equivalents**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>

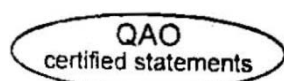
Cash assets include cash at bank, cash on hand and cash with Queensland Treasury Corporation (QTC). All cash amounts are at call and can be redeemed in under one working day at their face value. The organisation does not have any borrowing or overdraft facilities. Of this cash balance \$4,034,868 relates to unearned revenue (see note 2(l))

**Balance**

Cash at Bank	398,095	328,889
Cash on Hand	500	500
Cash with QTC	9,467,277	13,737,079
<b>Total</b>	<b>9,865,872</b>	<b>14,066,467</b>

**Note 8:****Receivables**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Trade Debtors	3,516,872	-
Other	913,600	7,579
<b>Sub Total</b>	<b>4,430,472</b>	<b>7,579</b>
GST receivable	200,583	110,365
GST Payable	(319,716)	-
<b>Sub Total</b>	<b>(119,133)</b>	<b>110,365</b>
<b>Total Receivables</b>	<b>4,311,339</b>	<b>117,944</b>





<b>Note 9:</b>	<b>2013</b>	<b>2012</b>
<b>Other</b>	<b>\$</b>	<b>\$</b>
Prepayments	126,840	127,990
<b>Total</b>	<b>126,840</b>	<b>127,990</b>

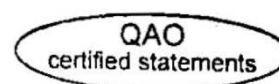
<b>Note 10:</b>	<b>2013</b>	<b>2012</b>
<b>Plant and Equipment</b>	<b>\$</b>	<b>\$</b>
At Cost	3,705,769	1,788,125
Less: Accumulated Depreciation	(261,035)	(1,612,698)
<b>Total Plant and Equipment</b>	<b>3,444,735</b>	<b>175,427</b>

	<b>2013</b>	<b>2012</b>
<b>Plant and Equipment Reconciliation</b>	<b>\$</b>	<b>\$</b>
Opening Carrying Amount (as at 1 July)	175,427	369,948
Additions	3,431,539	10,070
Disposals at Carrying Amount	(3,950)	-
Depreciation	(158,282)	(204,591)
<b>Closing Carrying Amount (as at 30 June)</b>	<b>3,444,735</b>	<b>175,427</b>

The Authority has plant and equipment (excluding leasehold improvements and fixtures & fittings) with an original cost of \$155,524 and a written down value of zero still being used in the provision of services. 20% of these assets with a gross cost of \$31,773 are expected to be replaced in 2013–14 with the remaining 80% to be replaced in subsequent years.

<b>Note 11:</b>	<b>2013</b>	<b>2012</b>
<b>Payables</b>	<b>\$</b>	<b>\$</b>
Accrued Expenses	34,317	45,199
Creditors	662,462	529,145
Audit Fees Payable	23,000	23,000
Other Payables	-	2,595
<b>Total</b>	<b>719,779</b>	<b>599,938</b>

<b>Note 12:</b>	<b>2013</b>	<b>2012</b>
<b>Accrued Employee Benefits</b>	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Employee Benefits	823,318	500,173
Salaries Payable/(Paid)	233,788	4,630
<b>Total</b>	<b>1,057,106</b>	<b>504,803</b>
<b>Non-Current</b>		
Employee Benefits	816,776	752,291

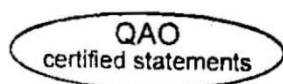


<b>Note 13:</b>	<b>2013</b>	<b>2012</b>
<b>Other Liabilities</b>	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Unearned revenue	4,034,868	4,849,468
Lease Incentive	330,000	-
<b>Total</b>	<b>4,364,868</b>	<b>4,849,468</b>
<b>Non-Current</b>		
Lease Incentive	2,805,000	-

<b>Note 14:</b>	<b>2013</b>	<b>2012</b>
<b>Operating Lease Commitments</b>	<b>\$</b>	<b>\$</b>
The offices occupied by the Authority are subject to an operating lease which expires on 31 December 2022.		
Future operating lease rentals not provided for in the financial statements are payable as follows:		
Not later than one year ( inclusive of GST)	1,872,907	849,587
Later than one year but not later than five years (inclusive of GST)	8,327,864	-
Later than five years (inclusive of GST)	11,181,270	-
<b>Total commitments</b>	<b>21,382,041</b>	<b>849,587</b>

**Note 15:**  
**Events Occurring after Balance Date**

On 5 August 2013, the Authority appointed Mr Mark Gray as Chief Executive Officer

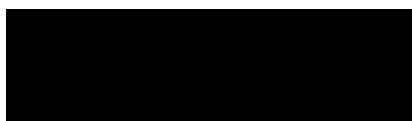


# CERTIFICATE OF QUEENSLAND COMPETITION AUTHORITY

This general purpose financial report has been prepared pursuant to s.62(1)(a) of the *Financial Accountability Act 2009* (the Act) s.43 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 2013 and of the financial position of the Authority at the end of that year.

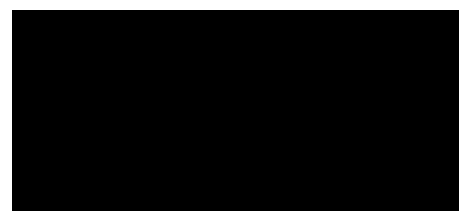


Chairman

**M Roberts**

BA(Hons) PhD GAICD

8 August 2013



**AM Gray**

BEcon(Hons) Sffin FAIM GAICD

8 August 2013

# 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 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chairman.

### *The Board's Responsibility for the Financial Report*

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

### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Independence*

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

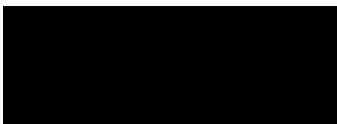
### *Opinion*

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards – Reduced Disclosure Requirements, of the transactions of Queensland Competition Authority for the financial year 1 July 2012 to 30 June 2013 and of the financial position as at the end of that year.

### **Other Matters – Electronic Presentation of the Audited Financial Report**

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



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



Queensland Audit Office  
Brisbane

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# GLOSSARY

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Term	Definition
ACL	Australian Consumer Law
AEMC	Australian Energy Market Commission
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
CCA	<i>Competition and Consumer Act 2010</i>
Committee	Consumer Advisory Committee
CPI	Consumer Price Index
DAAU	Draft Amending Access Undertaking
DAPR	Distribution Annual Planning Reports
DAU	Draft Access Undertaking
DBCT	Dalrymple Bay Coal Terminal
Electricity Act	<i>Electricity Act 1994</i>
Electricity Code	Electricity Industry Code
ENCAP Review	Electricity Network Capital Program Review
GAPE	Goonyella to Abbot Point Expansion
Gas Act	<i>Gas Supply Act 2003</i>
Gas Code	Gas Industry Code
GSC	Grid Service Charge
GSL	Guaranteed Service Levels
GSP	Grid Service Provider

<b>Term</b>	<b>Definition</b>
<b>Market Rules</b>	SEQ Water Market Rules
<b>Minister</b>	Minister for Energy and Water Supply
<b>Mss</b>	Meter Switch Seal
<b>MSS</b>	Minimum Service Standards
<b>MTA</b>	Minimalist Transitioning Approach
<b>mtpa</b>	Million tonnes per annum
<b>NECAP</b>	Non-expansion Capital Expenditure
<b>NECF</b>	National Energy Customer Framework
<b>NMP</b>	Network Management Plan
<b>OBPR</b>	Office of Best Practice Regulation
<b>PC</b>	Productivity Commission
<b>Price Regulator</b>	Minister for Energy and Water Supply
<b>QUU</b>	Queensland Urban Utilities
<b>RAB</b>	Regulated Asset Base
<b>RET</b>	Renewable Energy Target
<b>RIS</b>	Regulatory Impact Statement
<b>ROLR</b>	Retailer of Last Resort
<b>SAA</b> s	Standard Access Agreements
<b>Scheme</b>	Solar Bonus Scheme
<b>SCRC</b>	Sunshine Coast Regional Council
<b>SRCA</b>	Standard Rail Connection Agreement
<b>SEQ</b>	South east Queensland
<b>SPP</b>	Summer Preparedness Plan
<b>SUFA</b>	Standard User Funding Agreement
<b>The QCA</b>	The Queensland Competition Authority
<b>The Codes</b>	The Electricity and Gas Codes
<b>The Ministers</b>	Treasurer and Minister for Trade and the Attorney-General and Minister for Justice

Term	Definition
<b>The QCA Act</b>	<i>Queensland Competition Authority Act 1997</i>
<b>TGM</b>	Tactical Global Management Ltd
<b>WACC</b>	Weighted Average Cost of Capital
<b>WIRP</b>	Wiggins Island Rail Project
<b>WSS</b>	Water Supply Schemes



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# APPENDIX A: COMPLIANCE CHECKLIST

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## Queensland Competition Authority

File Ref: 554257  
13 September 2013

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

Dear Treasurer

I am pleased to present the Annual Report 2012–13 and financial statements for the Queensland Competition Authority.

I certify that this Annual Report complies with:

- (a) the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, and
- (b) the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be found at page 71 of this annual report or accessed at [qca.org.au/about/annualreport1213.php](http://qca.org.au/about/annualreport1213.php)

Yours sincerely



Malcolm Roberts  
Chairman

Level 27, 145 Ann Street, Brisbane Q 4000  
GPO Box 2257, Brisbane Q 4001  
Tel (07) 3222 0555  
[www.qca.org.au](http://www.qca.org.au)

Summary of requirement		Basis for requirement	Annual report reference
<b>Letter of compliance</b>	A letter of compliance from the accountable officer or statutory body to the relevant Minister	ARRs – section 8	p.72
<b>Accessibility</b>	Table of contents Glossary	ARRs – section 10.1	pp.iii 68
	Public availability	ARRs – section 10.2	p.75
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 10.3	p.75
	Copyright notice	<i>Copyright Act 1968</i> ARRs – section 10.4	p.ii
	Information licensing	<i>Queensland Government Enterprise Architecture – Information licensing</i> ARRs – section 10.5	N/A
<b>General information</b>	Introductory Information	ARRs – section 11.1	pp.4-5
	Agency role and main functions	ARRs – section 11.2	pp.4-5,14-42
	Operating environment	ARRs – section 11.3	pp.39-42
	Machinery of Government changes	ARRs – section 11.4	N/A
<b>Non-financial performance</b>	Government objectives for the community	ARRs – section 12.1	pp.4-5,14-42
	Other whole-of-government plans/ specific initiatives	ARRs – section 12.2	N/A
	Agency objectives and performance indicators	ARRs – section 12.3	pp.4-5,14-42
	Agency service areas, service standards and other measures	ARRs – section 12.4	pp.14-42,44-49
<b>Financial performance</b>	Summary of financial performance	ARRs – section 13.1	pp.39-40,52-64
	Chief Finance Officer statement	ARRs – section 13.2	N/A
<b>Governance – management and structure</b>	Organisational structure	ARRs – section 14.1	p.12
	Executive management	ARRs – section 14.2	pp.10-11
	Related entities	ARRs – section 14.3	N/A
	Boards and committees	ARRs – section 14.4	N/A

Summary of requirement		Basis for requirement	Annual report reference
<b>Governance – management and structure (cont)</b>	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> (section 23 and Schedule) ARRs – section 14.5	p.39
<b>Governance – risk management and accountability</b>	Risk management	ARRs – section 15.1	p.39
	External Scrutiny	ARRs – section 15.2	p.39
	Audit committee	ARRs – section 15.3	N/A
	Internal Audit	ARRs – section 15.4	N/A
	Public Sector Renewal Program	ARRs – section 15.5	N/A
	Information systems and recordkeeping	ARRs – section 15.7	p.39
<b>Governance – human resources</b>	Workforce planning, attraction and retention and performance	ARRs – section 16.1	pp.40-42
	Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	p.41
	Voluntary Separation Program	ARRs – section 16.3	N/A
<b>Open Data</b>	Open Data	ARRs – section 17	p.75
<b>Financial statements</b>	Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1	p.65
	Independent Auditors Report	FAA – section 62 FPMS – section 50 ARRs – section 18.2	pp.66-67
	Remuneration disclosures	<i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 18.3	p.61

FAA      *Financial Accountability Act 2009*  
 FPMS     *Financial and Performance Management Standard 2009*  
 ARRs     *Annual report requirements for Queensland Government agencies*

## Annual Report Access

### Additional Copies

A copy of this report can be obtained by contacting the QCA as follows:

Email [annualreport@qca.org.au](mailto:annualreport@qca.org.au)  
Mail Executive Officer  
Queensland Competition Authority  
GPO Box 2257  
Brisbane Q 4001  
Phone (07) 3222 0555  
Fax (07) 3222 0599

This report is also available in PDF format on the QCA's website:

[qca.org.au/about/annualreport1213.php](http://qca.org.au/about/annualreport1213.php)

### Open Data

Further information is available through the Queensland Government's Open Data website:

[qld.gov.au/data](http://qld.gov.au/data)

ISSN 1839-213X

## Translating and Interpreting Assistance



The QCA 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

Readers are encouraged to provide feedback on the contents or structure of this report by contacting the QCA.





