



Queensland
Competition
Authority

2014–15

ANNUAL
REPORT

Queensland
Competition
Authority

2014–15

A N N U A L R E P O R T

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H I G H L I G H T S

Economic Regulation

- We published our final determination of regulated retail electricity prices (notified prices) for 2015–16. A typical residential customer on tariff 11 can expect a 0.5% decrease in their annual bill, while a typical business customer on tariff 20 can expect a decrease of 3.5%. Page 10.
- We recommended a 12% reduction in bulk water prices for 2017–18. In every council area in south east Queensland, bulk water prices during the three years to 2017–18 will be lower than previously expected. Page 10.
- We finalised our price monitoring investigation for 2015–20 for the Gladstone Area Water Board (GAWB) and proposed a \$77 million (18%) reduction to GAWB's initially submitted costs. Page 10.
- We provided the final report on a long-term regulatory framework for the water industry. We recommended a light-handed ex post annual performance monitoring of the south east Queensland water retailers. This will reduce costs while still providing incentives for the retailers to minimise price increases. Page 11.
- We published two draft decisions on the 2014 draft access undertaking (DAU) submitted by Aurizon Network:
 - on 30 September 2014 we published our draft decision on the maximum allowable revenue (MAR) aspects of the 2014 DAU. Page 13.
 - on 30 January 2015 we published our draft decision on the remainder of the 2014 DAU, dealing with policy matters including governance, capacity and expansions, and pricing and tariffs. Page 13.

Productivity

- We released our report on industry assistance in Queensland. Page 16.
- We delivered our final report on the regulation of Queensland aquaculture. Page 16.

T H E Q C A

Who we are

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

What we do

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

In support of the Queensland Government's objective to improve productivity across the state, we have also provided advice on productivity matters and red tape reduction. From 1 July 2015, this advice will be provided by the Queensland Productivity Commission (QPC).

Economic context

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

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

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

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

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

Responsibilities

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

Monopoly prices oversight

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

Prices oversight prevents monopoly businesses from abusing their market power by charging excessive prices for their products or services.

We may investigate the pricing practices of such monopolies or monitor their pricing practices, depending on the referral from the Minister responsible for administering the QCA Act (at present the Treasurer, Minister for Employment and Industrial Relations, Minister for Aboriginal and Torres Strait Islander Partnerships). We only perform these functions on request from the Minister.

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

Third party access

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

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

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

Competitive neutrality

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

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

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

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

General issues

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

Responsibilities outside the QCA Act

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

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

Application

In undertaking our roles, we work with stakeholders in the following industries:

- electricity
- water
- rail
- ports
- gas

OUR BOARD

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

CHAIR PROFESSOR ROY GREEN



Appointed from 11 June 2015—4 June 2018

Professor Roy Green is Dean of the UTS Business School at the University of Technology Sydney. He graduated with first class honours from the University of Adelaide and has a PhD in Economics from the University of Cambridge. Subsequently, he has worked in universities, business and government, published widely in the areas of innovation policy and management and undertaken multi-country projects with the OECD and European Commission.

Professor Green chaired the Australian Government's Innovative Regions Centre, CSIRO Manufacturing Sector Advisory Council and NSW Manufacturing Council. Most recently, he has contributed to publications on productivity, skills and digital transformation, including an IPAA study of public sector innovation and CEDA report on Australia's future workforce.

FORMER CHAIRMAN DR MALCOLM ROBERTS

Appointed 29 January 2013

Dr Roberts resigned in June 2015 to take up the role of Chief Executive Officer at the Australian Petroleum Production & Exploration Association in Canberra.

DEPUTY CHAIRMAN DR DAVID WATSON



Reappointed from 9 April 2013—8 April 2016

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

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

MEMBER DR SALLY PITKIN



Reappointed from 9 August 2014—8 April 2016

Dr Pitkin is a Company Director, Lawyer and Adjunct Professor with the University of Queensland Business School. She is a fellow of Bond University. Dr Pitkin is a non-executive director of ASX listed companies and government business enterprises. She is the President of the Queensland Division of the Australian Institute of Company Directors, member of the Board of Directors, and a Fellow of the Institute. She is a member of the Australian Securities and Investment Commission External Advisory Board. Dr Pitkin is a former corporate partner with a leading Australian law firm. She holds a Bachelor of Laws (1984) and Masters of Laws (1995) from the Queensland University of Technology, and a Doctor of Philosophy (Governance) (2012) from the University of Queensland.

SENIOR STAFF

CHIEF EXECUTIVE

JOHN HINDMARSH



Mr Hindmarsh commenced with the QCA in July 2014. He has over 35 years experience in finance and investment, including 12 years as the CEO of the Tasmanian Public Finance Corporation and four years as a part-time lecturer in the principles of corporate finance and financing for new ventures at the University of Auckland.

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

DIRECTOR – ECONOMIC REGULATION

CHARLES MILLSTEED

Mr Millsteed joined the QCA as a senior officer in 2010. He has broad experience in policy analysis and economic regulation. He commenced his career at the Australian Bureau of Agricultural and Resource Economics, focusing on energy market analysis and assessing the impacts of trade, investment and climate change policies.

Since 2001, Charles has worked in economic regulation in roles at Ergon Energy, the Australian Energy Regulator and the QCA.

DIRECTOR – OBPR

TANIA HOMAN

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

Tania has extensive experience in public policy and economic regulation.

Tania joined the QCA from Queensland Treasury where she was director of the Microeconomic and

Structural Reform branch. In Treasury, Tania worked on a broad range of economic policy issues including energy and water reform.

In May 2015, Tania was appointed by Queensland Treasury to set up the Queensland Productivity Commission.

DIRECTOR – CORPORATE SERVICES

ROBYN FARLEY-SUTTON

Mrs Farley-Sutton joined the QCA in 2007. She has considerable experience in finance, human resource management, information technology and administration.

Robyn held a similar position for four years at the Gold Coast Institute of TAFE and has worked in a variety of administrative and financial roles in the UK in the education, housing and financial sectors.

PREVIOUS DIRECTOR – OBPR

GREG BOUNDS

Mr Bounds joined the QCA in 2013 from the Regulatory Policy Division of the Organisation for Economic Cooperation and Development in Paris, France.

He had extensive international experience with the design and implementation of regulatory policy.

Greg's former roles included managing a program of economic regulation in ports, rail and transport with the Victorian Essential Services Commission, and ensuring a whole-of-government approach to regulatory quality including managing the RIS process for the Victorian Office of Regulation Reform.

Greg sadly passed away in April 2015. To honour his life and achievements, the QCA has created The Gregory Bounds Memorial Prize which will be awarded to a Masters student at the University of Queensland who has studied regulation reform.

PREVIOUS DIRECTOR – QLD RAIL & PORTS

PAUL BILYK

Mr Bilyk left the QCA in February 2015.

PREVIOUS DIRECTOR – WATER

RICK STANKIEWICZ

Mr Stankiewicz left the QCA in February 2015.

Organisational Chart as at 30 June 2015

CHAIR ROY GREEN
DEPUTY CHAIR DAVID WATSON
MEMBER SALLY PITKIN

CHIEF EXECUTIVE OFFICER
JOHN HINDMARSH

DIRECTOR ECONOMIC REGULATION
CHARLES MILLSTEED

DIRECTOR CORPORATE SERVICES
ROBYN FARLEY-SUTTON

CHAIR'S INTRODUCTION

I am delighted to have been appointed to chair the Board of the Queensland Competition Authority (QCA) following the significant contribution by my predecessor Dr Malcolm Roberts. On behalf of the QCA and my fellow Board members Sally Pitkin and David Watson, I would like to thank Malcolm for his dedication to the values and objectives of the QCA.

The QCA plays an important role in the Queensland economy by setting the prices for, and approving access to, essential services such as water, electricity and rail infrastructure. This activity is referred to as economic regulation. As this annual report shows, the QCA completed a number of economic regulation projects related to water and electricity in 2014–15 and progressed several key decisions in respect of the Queensland rail network. Management's commitment to complete projects in a more timely and cost-effective manner is a goal supported by the Board. Members are encouraged by the results that have been achieved under the new project management structure implemented in November 2014.

A measure of the number of decisions made by the QCA each year is the list of publications that appears in the annual report. As this report details, the QCA published 139 reports, decisions, working papers, notices and media releases relating to economic regulation in 2014–15. This number compares to the 140 publications on economic regulation matters in 2013–14 and 118 in 2012–13. In short, it has been a busy and productive year.

In addition to economic regulation activities, the QCA also contributed to the government's efforts to improve productivity in Queensland and reduce the burden of "red tape" in 2014–15. Investigations into the amount and effectiveness of State government assistance given to industry and the impact of regulation on the development of the aquaculture industry in Queensland were both completed in 2014–15. The Office of Best Practice Regulation (OBPR) completed 529 assessments in 2014–15 compared to 690 assessments in 2013–14.

In financial terms, the activities of the QCA cost \$19.1 million¹ in 2014–15 compared to \$20.6 million in 2013–14. A 14% reduction in Specialist Services expenditure and lower staffing costs were the main contributors to the reduction in operating expenses. Further cost savings are anticipated in 2015–16, in no small part because of the reduction in staff numbers associated with the transfer of the OBPR to the Queensland Productivity Commission on 1 July 2015 and the cessation of productivity work by the QCA.

The QCA has an ambitious body of work ahead in 2015–16, and I am committed to ensuring that this is carried out in an open and transparent manner, enabling stakeholders to provide an input to decisions and encouraging commercial resolution processes and dialogue in the public interest. Our fundamental aim is to contribute effectively to Queensland's economic, social and environmental progress in accordance with the policies of the State government.

CHAIR

P R O F E S S O R R O Y G R E E N

¹ This figure excludes the \$5.0 million Fee Expense in the Statement of Comprehensive Income, which is explained in the notes to the accounts and throughout this annual report.

C E O ' S M E S S A G E

2014–15 has been a year of change for the Queensland Competition Authority

My appointment as CEO in 2014 signalled change at the Queensland Competition Authority (QCA). As the strategy review conducted in the first half of the financial year showed, the QCA needed to improve the efficiency of economic regulation, change stakeholder perceptions about the Office of Best Practice Regulation (OBPR) and, make the case for the productivity role the QCA had been given. We set about doing that in late calendar 2014 by creating three discrete lines of business (Economic Regulation, OBPR and Productivity & Competition Reviews) and by changing from an industry-based structure, where human resources are allocated by industry type (e.g. energy, water, rail and ports), to a project-management structure which results in the creation of project-specific teams and the allocation of resources based on the needs of the current work programme. We are still learning how to better match resources to the changing needs of projects, but there is no doubt that we are better able to do that today than was the case a year ago.

In February, Queensland elected a new government. An election policy of the Government's party was the creation of a Queensland Productivity Commission (QPC) and the return of the QCA to economic regulation only. As a consequence, we have spent much of the second half of the year planning for, and then implementing, the transfer of OBPR to the QPC and the completion of the last of the productivity-related work assigned to the QCA; the Industry Assistance project. The combination of the project-management structure adopted in November 2014, the transfer of OBPR to the QPC and, the cessation of productivity work at the QCA in July 2015 has resulted in staff numbers reducing from 79 as at 30 June 2014 to 58 as at 30 June 2015. I note that these figures compare to the 53 staff the QCA operated with in 2012 before its role was expanded under the Newman government.

This annual report summarises the projects we have delivered during 2014–15 including: the review of industry assistance measures in Queensland; a review of aquaculture regulation in Queensland; the setting of regulated retail electricity prices for 2015–16 in both regional and south east Queensland; the review of bulk water prices in south east Queensland for the period 2015–18; and a review of water prices proposed by the Gladstone Area Water Board for the period 2015–20. It also highlights the progress we have made in relation to new access undertakings for the rail networks owned and operated by Aurizon Network and Queensland Rail.

The financial statements detail, amongst other things, a change in accounting policy that has resulted in us discontinuing our practice of smoothing regulatory fees across the regulatory cycle. This past practice resulted in regulated entities paying an annual fee that over time would meet the costs of regulation even though those costs tend to be concentrated in the year(s) leading up to a regulatory decision. The change in accounting policy has required us to bring to account payments and receipts relating to economic regulation activities that we would have, under the previous accounting policy, smoothed over the regulatory cycle. In summary, receipts of \$5.0 million in anticipation of regulation services have been taken to account as an expense in 2014–15 because they will be repaid to the entities concerned in early 2015-16. Similarly, regulation costs amounting to \$2.9 million in 2013–14 and \$2.8 million in 2014–15 which will be invoiced in early 2015-16 have been recorded as income in the financial statements. As these figures indicate, the net effect of this accounting policy change on the QCA's cash position is relatively minor.

In June 2015, the Board endorsed a new strategy for the QCA that reflects its return to one line of business; economic regulation. The new strategy reflects the large work programme we have in 2015–16 and our continuing commitment to deliver more efficient regulatory outcomes. In our opinion, economic regulation in Queensland needs to be less time consuming and more cost effective than has been the case in the past. The QCA is committed to do what it can to bring about that outcome for the benefit of all stakeholders in the regulatory process.

CHIEF EXECUTIVE OFFICER

J O H N H I N D M A R S H

ECONOMIC REGULATION

OVERVIEW OF ECONOMIC REGULATION PROJECTS

Economic Regulation is the heart of the QCA. It is responsible for projects in our three areas of focus:

- determining and recommending prices
- price and service monitoring
- access regulation

Below is an overview of the projects we have worked on in 2014–15.

REGULATED RETAIL ELECTRICITY PRICES 2015 - 16

On 18 June 2015, we published our final determination of regulated retail electricity prices (notified prices) for 2015–16.

We began our review in September 2014 under a delegation from the former government. Under that delegation, we were only directed to set notified prices to apply in regional Queensland because the former government decided to deregulate retail electricity prices in south east Queensland (SEQ) from 1 July 2015.

In April 2015, the new government announced that it would delay deregulation for 12 months to enable the Queensland Productivity Commission to undertake a review of the electricity industry. As a result of that decision, we received a new delegation to set notified prices to apply throughout Queensland.

In 2015–16, notified prices will generally decrease or moderately increase from their current levels. A typical residential customer on tariff 11 can expect a 0.5% decrease in their annual bill, while a typical business customer on tariff 20 can expect a decrease of 3.5%.

QUEENSLAND RAIL

Queensland Rail is a statutory authority that provides passenger train services and operates the rail network in SEQ, the western system and the Mount Isa and north coast lines.

The process for gaining access to Queensland Rail's rail network is governed by the 2008 access undertaking.

On 12 December 2014 Queensland Rail withdrew its June 2013 draft access undertaking (DAU) which it had submitted voluntarily to replace the access arrangements in its 2008 undertaking.

On 4 February 2015, we issued an initial undertaking notice under section 133 of the QCA Act requiring Queensland Rail to submit a new DAU by 5 May 2015.

On 5 May 2015, Queensland Rail submitted its DAU in compliance with the notice. We then commenced an investigation into the DAU. We are working towards completing our assessment of the May 2015 DAU in early 2016.

SEQ WATER BULK WATER PRICES 2015 - 18

We recommended a bulk water price of \$2.82 per thousand litres in 2017–18 for all council areas in SEQ other than Redland, Sunshine Coast and Noosa. This 2017–18 'common price' is 12%, or \$0.40, lower than the 'indicative' common price announced by the government in 2013 (\$3.22/kL).

For some council areas, our recommendations will see bulk water prices fall in 2015–16. In every council area, prices during the three years to 2017–18 will be lower than previously expected.

The lower prices reflect savings from the merger of SEQ bulk water entities and reductions to efficient costs identified by both Seqwater and the QCA.

GAWB

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

We proposed a \$77 million (18%) reduction to GAWB's initially submitted costs.

SEQ RETAILERS ANNUAL PERFORMANCE MONITORING

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

On 28 June 2013, we received a Ministers' Direction to investigate and report on a long-term regulatory framework for the water and sewerage activities of the SEQ retailers—Unitywater, Queensland Urban Utilities, and Logan, Redland and Gold Coast City Councils.

We provided a final report to the Ministers in September 2014. We recommended a move to light-handed ex post annual performance monitoring to reduce regulatory costs while still providing incentives for retailers to minimise price increases.

The proposed framework focuses on the key elements of performance—prices (and costs where relevant), customer engagement, strategic investment and service quality. Retailers would continue to set prices and service quality standards. We would collect information from retailers and monitor and report on their performance in an independent and transparent manner.

Such a framework is considered to be less intrusive and likely to result in lower regulatory costs.

P O R T S

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

DBCT Management's 2010 access undertaking

The Dalrymple Bay Coal Terminal (DBCT) is leased to DBCT Management under a long-term lease. DBCT is subject to economic regulation by the QCA.

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

Part 5 of the QCA Act allows DBCT Management to voluntarily submit to us at any time a draft amending access undertaking (DAAU) seeking to amend its approved Access Undertaking.

Differential pricing DAAU

In February 2015, DBCT Management submitted a DAAU (the 'differential pricing DAAU') for approval. The differential pricing DAAU seeks to vary the uniform pricing arrangements in the 2010 undertaking.

In May 2015, we released a draft decision proposing to refuse to approve the differential pricing DAAU. While we supported the principle of providing for consideration of differential pricing, we considered the DAAU provided insufficient detail or guidance as to how this would be implemented in practice.

In June 2015, we received two submissions from stakeholders on our draft decision. We anticipate preparing a final decision for release in 2015–16.

New access undertaking

DBCT Management's 2010 access undertaking is scheduled to expire on 30 June 2016.

On 23 June 2015, we issued DBCT Management with a notice under section 133 of the QCA Act, requiring DBCT Management to submit a new draft access undertaking (DAU) within 90 days (i.e. by 21 September 2015).

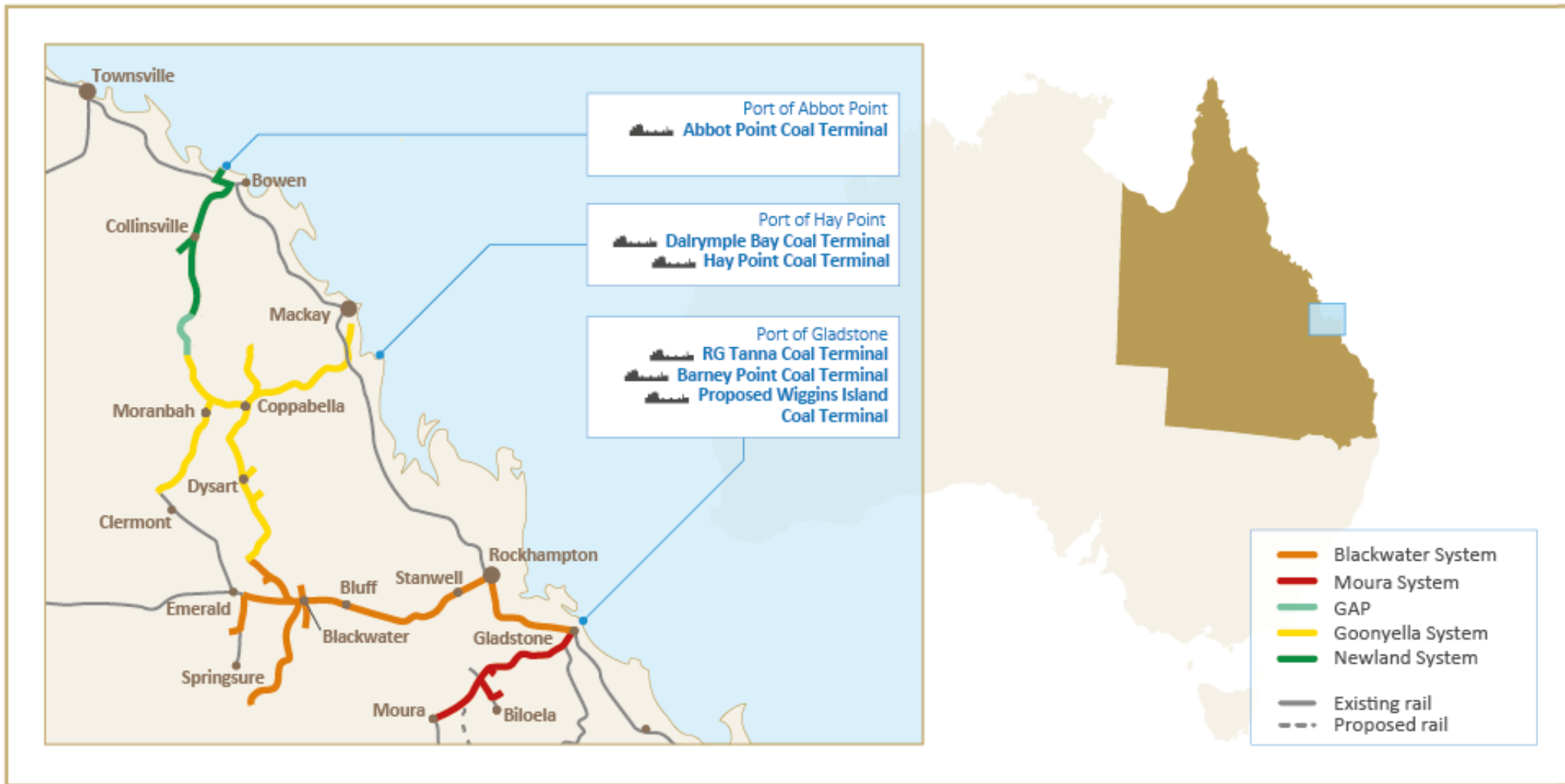
We expect our consideration of the DAU will be our major item of ports work in 2015–16.

A U R I Z O N N E T W O R K U T 4

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.

The process for gaining access to the coal network is governed by the 2010 Access Undertaking (UT3), approved by the QCA in October 2010.

The undertaking applies to the five rail systems that comprise the central Queensland coal network (Moura, Blackwater, Goonyella, Newlands and Goonyella to Abbot Point (GAP). See figure on page 12).



2014 draft access undertaking (DAU)

In April 2013, Aurizon Network submitted a DAU to replace UT3. The new DAU (2013 DAU) was proposed to apply from 1 July 2013 to 30 June 2017. After extensive discussion with stakeholders, Aurizon Network withdrew the 2013 DAU on 11 August 2014, replacing it with another DAU (2014 DAU). Aurizon Network presented the 2014 DAU as its response to issues raised by stakeholders.

During 2014–15, we published two draft decisions on the 2014 DAU:

- on 30 September 2014 we published our draft decision on the maximum allowable revenue (MAR) aspects of the 2014 DAU
- on 30 January 2015 we published our draft decision on the remainder of the 2014 DAU, dealing with policy matters including governance, capacity and expansions, and pricing and tariffs.

MAR draft decision

In our draft decision on the maximum allowable revenue (MAR), our proposed acceptable MAR for the 2014 DAU period (2013–14 to 2016–17) was estimated at \$3.88 billion.

The proposed MAR in our draft decision was:

- 14% higher, in real terms, than the approved MAR for UT3
- 19% lower than the \$4.78 billion MAR submitted by Aurizon Network on 30 April 2013 and
- 17% lower than Aurizon Network's updated estimate of \$4.67 billion provided in December 2013.

We considered our proposed MAR will provide Aurizon Network with expected revenue that is at least enough to meet the efficient costs of providing access to the central Queensland coal network (CQCN) declared service and includes a return on investment commensurate with the commercial and regulatory risks involved, consistent with section 138(2)(g) and section 168(A)(a) of the QCA Act.

We received 11 submissions in response to our draft decision on the MAR. These submissions are being considered as part of our UT4 final decision in 2015–16.

2014 DAU (UT4) policy and pricing draft decision

On 30 January 2015 we published our draft decision on the remainder of the 2014 DAU (policy and pricing matters).

A key theme of our draft decision is the need for the 2014 DAU to support the productive use of the existing CQCN capacity, and give stakeholders the confidence that infrastructure will be expanded in a

timely, cost-efficient way, where there is a case to do so.

The approach we have taken is designed to:

- increase transparency and the flow of information between Aurizon Network, miners, train operators and other supply chain participants so all parties are better able to plan and manage their access entitlements and reduce the unit costs of below-rail infrastructure
- provide greater confidence to access holders that contracted access rights can be provided, which should minimise over-contracting (if it is occurring), support the development of a more flexible access rights trading arrangement, and minimise the need for unwarranted investment in infrastructure
- provide improved information and confidence to stakeholders that access is being provided on a non-discriminatory basis
- enhance the performance reporting arrangements so that access seekers and holders are better informed about CQCN performance, including on major items such as maintenance costs
- provide safeguards to balance Aurizon Network's position as a monopoly provider of infrastructure in the expansion of the network so it cannot unreasonably extend the time or request returns for infrastructure provision to gain commercial advantage
- make the undertaking simpler.

We received 13 submissions in response to our draft decision on the policy and pricing matters for UT4. These submissions are being considered as part of our UT4 final decision in 2015–16.

Short-term capacity transfer draft decision

In our 2014 DAU draft decision (30 January 2015), we advised that we had deferred full consideration of the proposed 2014 DAU capacity transfer provisions until we had the opportunity to consider Aurizon Network's short-term transfer mechanism.

In December 2014, Aurizon Network submitted to us a discussion paper on a potential short-term transfer mechanism (the discussion paper) that it said could be implemented in the amended 2014 DAU if the current draft of the 2014 DAU was not approved.

We commenced a public consultation process and sought submissions from interested parties.

Following consideration of Aurizon Network's submission, our draft decision was to refuse to approve Aurizon Network's capacity transfer mechanism.

We have received six submissions in response to our draft decision. We are considering these submissions as part of our UT4 final decision.

Wiggins Island Rail Project (WIRP)

The Wiggins Island Coal Export Terminal (WICET) is an industry-funded terminal that will be integrated with the existing infrastructure at the Port of Gladstone. Being built in stages, WICET aims to deliver 27 million tonnes per year of export capacity upon the completion of its first stage.

Significant rail infrastructure is required in conjunction with WICET in the Moura and Blackwater coal systems. WIRP refers to a series of individual geographically distinct rail infrastructure projects in the southern Bowen Basin. These projects are collectively known as the WIRP Stage 1 expansion and include a new balloon loop, track duplications and upgrades.

As part of its 2014 DAU submission, Aurizon Network proposed pricing arrangements for WIRP train services. In August 2014, Aurizon Network provided a separate guidance note which outlined the revenue and pricing treatment of WIRP train services under its proposed 2014 DAU. This proposal was similar to what had been set out under Aurizon Network's withdrawn 2013 DAU.

On 18 December 2014, Aurizon Network submitted a pricing proposal for WIRP train services pursuant to clause 6.4.2 of the 2010 access undertaking, rather than as a submission on the 2014 DAU. The proposal comprised 'transitional' reference tariffs for 2014–15 through to 2016–17. We sought stakeholder submissions on this proposal, and requested additional information from stakeholders to support some of their claims in relation to WIRP.

On 22 April 2015, we approved Aurizon Network's proposed WIRP transitional reference tariff for 2014–15 under the 2010 access undertaking.

Our draft decision on WIRP pricing and tariffs was published on the QCA website on 31 July 2015. We anticipate we will reach a final decision on WIRP pricing in November 2015.

2010 Access undertaking

Standard user funding agreement

As part of our final decision on UT3, we required Aurizon Network to submit a proposed standard user funding agreement (SUFA). SUFA is designed to

facilitate alternative options to funding by Aurizon Network of expansions of the rail infrastructure in central Queensland—in particular, by enabling coal miners and other parties to invest directly in rail infrastructure.

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

We consulted with stakeholders extensively, to develop a proposal which would be considered workable, bankable and credible. Those targeted discussions, as well as the release of a position paper in May 2014, assisted us in resolving a number of outstanding issues including: the ability to secure the cash flows, clarify responsibility for construction and remove some risks related with cash flows. We consider the resolution of these matters increases the attractiveness of the SUFA arrangement to third party financiers.

In October 2014, we released a draft decision setting out the changes we consider are necessary to achieve a workable SUFA arrangement as outlined in our position paper.

We are continuing to work with Aurizon Network and the Queensland Resources Council (QRC) to finalise SUFA. We believe finalising a workable SUFA will facilitate timely and efficient investment in coal rail infrastructure, both by enabling outside parties to invest themselves, and by limiting Aurizon Network's ability to demand excessive returns for future investments in rail infrastructure.

O N G O I N G R E G U L A T O R Y W O R K

Alongside the projects, the Business Performance division within Economic Regulation handles a range of ongoing economic regulatory work that falls outside of the projects. This includes compliance and performance monitoring, capital expenditure reviews, tariff variations and dealing with stakeholder queries.

PRODUCTIVITY

OVERVIEW OF PROJECTS

INDUSTRY ASSISTANCE

The Queensland Government provides a range of assistance to industry through subsidies, tax concessions, programs supporting specific industries and underpricing of assets and services. In 2014, the Queensland Government asked us to investigate and report on the level, effectiveness and efficiency of industry assistance in Queensland.

The review identified more than \$25 billion in assistance over the five years to 2017–18, including \$17.1 billion in tax concessions, \$5.6 billion in budget-funded assistance and \$1.3 billion in subsidised assets and services. While some measures work well, many others deliver private benefits at a net cost to the Queensland community.

The review made 34 recommendations to improve industry assistance, finding there would be significant gains to the Queensland community from reforming:

- electricity, water and rail subsidies
- investment attraction assistance
- agricultural assistance
- assistance for tourism and major events
- procurement policy
- tax concessions.

The final report was provided to the Queensland Government on 31 July 2015.

AQUACULTURE

In November 2013, we commenced a review of aquaculture regulation in Queensland. Our draft report, published in July 2014, found that investment in Queensland’s aquaculture sector appeared to have stalled for a decade, with no major new entrants to the market and only a modest expansion of established projects. This situation compared unfavourably with the sector’s growth in Australia and elsewhere.

The draft report recommended a number of measures to break the stalemate. Chief among these was the establishment of land-based aquaculture development areas as a way of ensuring a timely and transparent process for approvals. It was proposed that development applications in these areas could be code-assessable, with the code being developed in conjunction with local government, Queensland government agencies and Commonwealth government agencies.

Following receipt and consideration of submissions, we provided the final report to the Queensland Government in September 2014.

O B P R

OVERVIEW

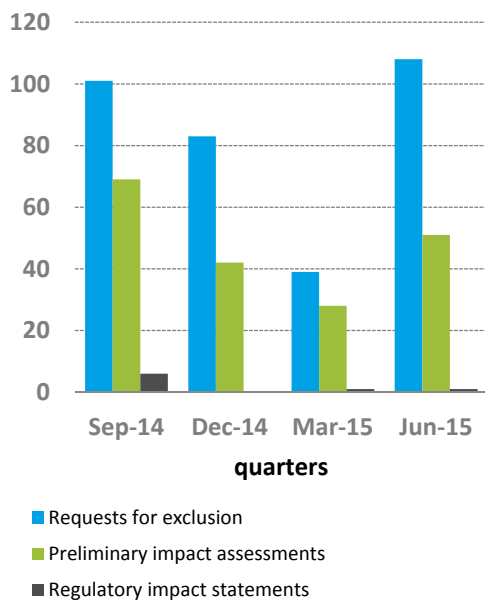
The Office of Best Practice Regulation (OBPR) was established within the QCA in 2012 to:

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

Assessment of regulatory proposals

2014–15 was our second full year of reviewing regulatory impact assessments prepared by government departments. The graph below shows the total number of assessments reviewed during the year, including exclusions, preliminary impact assessments (PIAs) and regulatory impact statements (RISs).

Total assessments reviewed in 2014–15



To streamline the regulatory impact assessment process, we also worked to embed best practice regulation principles in the development of regulatory proposals. To achieve this we:

- engaged constructively with government departments on regulatory proposals
- delivered training to build the capacity of government departments to undertake regulatory impact assessments
- began developing a series of guidance notes to assist departmental officers assessing regulatory impacts.

OUTLOOK

The OBPR function was transferred to the Queensland Productivity Commission on 1 July 2015.

COMPETITIVE NEUTRALITY

O V E R V I E W

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

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

We did not receive any valid competitive neutrality complaints in 2014–15.

O U T L O O K

The competitive neutrality function was transferred to the Queensland Productivity Commission on 1 July 2015.

CORPORATE MATTERS

OVERVIEW

C O R P O R A T E G O V E R N A N C E

Dr Malcolm Roberts was appointed as the QCA's first full-time Chair in January 2013. Prior to that time, all previous appointments to the Chair were appointed on a part-time basis. Dr Roberts resigned from his position in June 2015 and the Queensland Government appointed Professor Roy Green as the new Chair, returning it to a part-time position. The QCA Members continue to place great emphasis on corporate governance and this will not diminish despite the changed appointment arrangements.

Under the guidance of QCA Members, management has implemented an administrative framework which ensures that we are managed in an effective and efficient manner. A range of policies and procedures have been developed to ensure that, amongst other things, assets are safeguarded and that proper financial and accounting records are maintained. These policies are regularly reviewed as part of a rolling system of appraisals. The triennial audit of the QCA's financial systems was conducted by BDO Australia in 2015 who found that our systems remain appropriate.

Information and knowledge are some of QCA's most valuable assets. Accordingly, emphasis is placed on the management and protection of information, as well as the maintenance of confidentiality where appropriate. The Information Handling Officer conducted a review of our recordkeeping practices in 2014–15 (focusing on the file structure) and implemented changes that support the new QCA strategy. Training was delivered in the revised recordkeeping processes and existing skills were refreshed. We are continuing with the development of our retention and disposal schedule and updated our information handling manual in line with current policies from Queensland State Archives. Our records are stored electronically and paper records are retained as required. There were no serious breaches of information security during the financial year.

The Code of Conduct, approved by the responsible Minister, and associated processes and procedures are based on the core public sector values. 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. 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 annually reviews its major risks including physical risks, employee practices liability, financial, information protection and reputation risks. We also routinely update our policies. In 2014–15 the Finance Manual, Complaints Manual, Bullying, Anti-discrimination and Sexual Harassment Policy (including victimisation and vilification policies), Public Interest Disclosure Policy, Workplace Health and Safety Manual, Disaster Management and Recovery Manual and Travel Policy were updated. All staff received training on the new requirements and were reminded of their existing obligations.

Financial performance

The QCA's financial performance in 2014–15 was impacted by accounting policy changes introduced during the 2014–15 financial year.

Accounting policy changes

The accounting policy changes made in 2014–15 were in accordance with Australian Accounting Standard AASB1004 Contributions and Accounting Practices Guideline (APG) 2 and are in relation to the recognition of income. The QCA receives income predominately from two sources; the government grant and fees charged to regulated entities. The accounting changes impact on when fee revenue should be booked as income. Under the new accounting policy, revenue is now accounted for in the year in which it is due.

The new accounting treatment impacts on both the 2014–15 and 2013–14 financial statements. Note 17 of the financial accounts provides details of the accounting changes to these statements.

In summary:

- Additional fee revenue of \$2.9 million in 2013–14 and \$2.8 million in 2014–15 has been brought to account in those years, under the new accounting policy. This revenue reflects costs for regulation services that were incurred in those years and which we previously expected to recover over the regulatory cycle.
- In 2014–15, the QCA invoiced and received \$0.6 million of the \$2.9 million additional fee revenue reported in the restated 2013–14 financial accounts. The remaining \$2.3 million along with

the \$2.8 million of additional fee revenue in 2014–15 will be invoiced in 2015–16.

- The past practice of recovering costs for regulation services over the regulatory cycle resulted in occasions when regulated entities were paying in advance for regulation services. Consistent with accounting for revenue in the year in which it is due, the QCA has decided to refund the cash received from regulated entities in anticipation of regulation services. This refund, which will be paid in 2015–16, amounts to \$5.0 million and is recognised as an expense in 2014–15.

Financial performance

Excluding the effect of the accounting policy changes, the QCA would have reported a surplus of \$0.2 million in 2014–15, \$1.0 million better than anticipated by the budget (a loss of \$0.8 million). The surplus of \$0.2 million becomes a loss of \$2.0 million due to the accounting policy changes implemented in the 2014–15 financial year. The analysis below provides details of variances against the approved budget.

The QCA total revenue was higher than budgeted by \$0.5 million due to recognising \$2.8 million of additional fee revenue against a budget of \$1.4 million and a reduction of \$0.7 million of fee income now expected to be invoiced in 2015–16. A number of minor variances account for the remaining \$0.2 million difference between budgeted revenue and actual revenue.

Total expenditure in 2014–15 amounted to \$24.1 million against a budget of \$22.4 million, with major items of expenditure being salaries and employee costs (\$2.1 million less than budget), payments for specialist advice (\$0.9 million less than budget) and an adjustment reflecting the refund of unearned revenue (\$5.0 million not anticipated in the budget). A number of minor variances account for the remaining \$0.3 million of under-spend relative to budget.

The favourable income variance of \$0.5 million plus the impact of higher expenditure of \$1.7 million explains the increased loss from the budgeted position of \$0.8 million to the actual loss of \$2.0 million.

Expenditure, including performance against budget, is reported monthly to QCA Members.

Environmental statement

The QCA maintains an environmentally friendly workplace. The Ann Street offices have been designed to be energy efficient and expecting to be awarded a 5.5 NABERS star Energy rating. Building management is targeting a 4 Star NABERS water rating.

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

The building facilities also support our life/work balance policies with excellent end-of-trip facilities

(including secure bike racks and showering facilities) and heart-smart stairs (running between all floors).

No asbestos was used in the construction of 145 Ann Street.

Other information

Information on the following items is available on our website:

- consultancies
- overseas travel
- government bodies.

O U R S T A F F

Equal employment opportunities

Our policies support the principles underlying equal employment opportunities, anti-discrimination, and the avoidance of sexual harassment and bullying.

We support part-time work, flexible working hours and the ability to work from home.

Workforce profile

As at 30 June 2015, we employed 56.2 full time equivalent staff in a range of technical and support roles.

For the financial year ended 30 June 2015, we had a permanent separation rate of 29% (the percentage of permanent employees who separated from the QCA in the 12 months to 30 June 2015 as compared to the number of permanent employees on 30 June 2014).

Workforce planning

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

Candidates for permanent employment are sourced through online and print advertising, as well as through recruitment agencies, referrals and direct applications.

Employee performance management framework

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

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

We have a strong culture of employee development. 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 2014–15, undertaking formal studies to obtain professional certifications.

Flexible work arrangements

We support a healthy work/life balance and to that end encourage staff to take recreation leave on a regular basis. In addition, a range of flexible work arrangements are available to staff. Part-time hours and purchased leave are available to staff as formal flexible work arrangements. All staff are routinely able to access flexible work hours and may work from home as necessary (subject to organisational requirements). The QCA also has a mothers room available to staff as needed.

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 recorded in each leader/potential leader's performance evaluation.

Industrial and employee relations framework

An employee consultation model is in place for the review and implementation of QCA policies and procedures. 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. Where deemed necessary, investigations may be outsourced to ensure impartiality.

Early retirement, redundancy and retrenchment

During the period, 4 employees received redundancy packages at a cost of \$594,172.56.

Workforce profile as at 30 June 2015

	Total Staff	Male	Female	NESB*	A&TSI**
Chief Executive	1	1	0	0	0
Directors	3	1	2	0	0
Technical Staff	43	26	17	8	0
Support Staff	11	4	7	1	0
Total	58	32	26	9	0

* Non English Speaking Background (voluntary disclosure)

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

Breakdown by age as at 30 June 2015

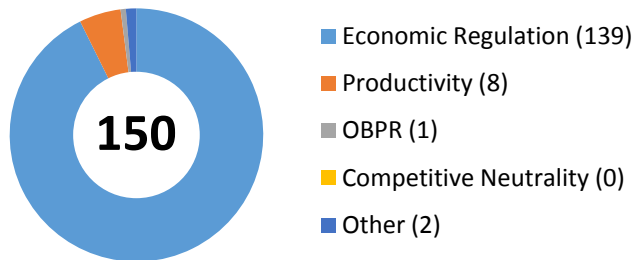
	Total Staff	Male	Female	NESB*	A&TSI**
Age 15–24	1	1	0	0	0
25–34	12	8	4	3	0
35–44	30	12	18	6	0
45 +	15	11	4	0	0

* Non English Speaking Background (voluntary disclosure)

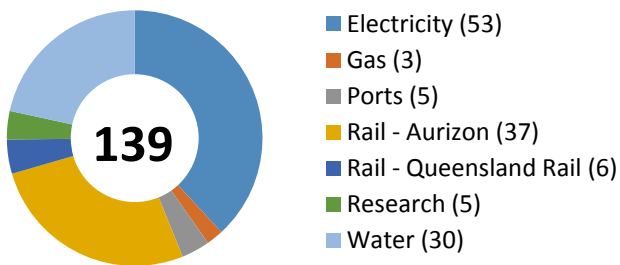
** Aboriginal and/or Torres Strait Islander (voluntary disclosure)

OUR PUBLICATIONS

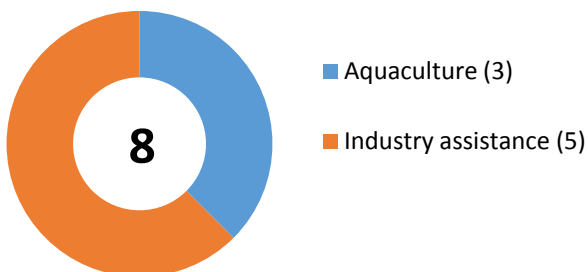
TOTAL PUBLICATIONS



ECONOMIC REGULATION



PRODUCTIVITY



Publications released and submissions received

	Submissions	Publications
Industry assistance	44	5
Aquaculture	26	3
Productivity total	70	8
Office of Best Practice Regulation	0	1
Electricity	49	53
Gas	0	3
Rail – Aurizon	79	37
Rail – Queensland Rail	21	6
Water	79	30
Research	2	5
Ports	9	5
Economic Regulation total	239	139
Competitive neutrality	0	0
Other	0	2
Total	309	150

Publicly available publications

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

Release Date	Title
2015	
June	Final decision: Queensland Rail's April 2015 extension draft amending access undertaking
June	Report: small gas customer disconnection, hardship and complaints statistics—March 2015
June	Report: small electricity customer disconnection, hardship and complaints statistics—March 2015
June	Fact sheet: regulated electricity prices from 1 July 2015
June	Fact sheet: business electricity prices from 1 July 2015
June	Fact sheet: residential electricity prices from 1 July 2015
June	Media release: QCA releases final determination on regulated retail electricity prices for 2015–16
June	Final determination: regulated retail electricity prices for 2015–16
June	Decision: DBCT annual revenue requirement roll-forward for 2015–16 and NECAP expenditure
June	Initial undertaking notice—DBCT draft access undertaking
June	Final decision: approval of Aurizon Network's March 2015 extension draft amending access undertaking
June	Electricity report: market and non-market customers—March quarter 2015
June	Electricity report: market and non-market customers—time series—last updated 31 March 2015
June	Fact sheet: draft report: industry assistance in Queensland
June	Draft report: industry assistance in Queensland (Volume I)
June	Draft report: industry assistance in Queensland (Volume II)
June	Fact sheet: QCA sets regional Queensland solar feed-in tariff for 2015–16 (amended)
June	Media release: QCA sets regional Queensland solar feed-in tariff for 2015–16
June	Media release: regional Queensland solar feed-in tariff
June	Final report: solar feed-in tariff for regional Queensland for 2015–16 (amended)
June	Stakeholder release notice 9: updated timetable Aurizon Network's 2014 draft access undertaking (WIRP)
May	Media release: Gladstone Area Water Board prices for 2015–20
May	Fact sheet: final report: Gladstone Area Water Board prices 2015–20
May	Final report: Gladstone Area Water Board price monitoring 2015–2020
May	Fact sheet: 2015–16 solar feed-in tariff for regional Queensland
May	Final report: solar feed-in tariff for regional Queensland for 2015–16
May	Draft decision: DBCT Management's differential pricing draft amending access undertaking
May	Decision: Aurizon Network's revenue cap adjustment application
May	Decision: Aurizon Network's variation of reference tariffs and adjustment charge recovery (2013 flood costs)
May	Final decision: Aurizon Network's 2013–14 capital expenditure claim
May	Workshop presentation: 2015–16 retail electricity prices
May	Further consultation paper: regulated retail electricity prices for 2015–16
May	Media release: Dr Malcolm Roberts resigns as chairman of the Queensland Competition Authority
May	Media release: new timetable for final decision on Aurizon Network undertaking
May	Stakeholder release notice 8: updated timetable Aurizon Network's 2014 draft access undertaking
May	Request for comments: Queensland Rail's 2015 draft access undertaking
April	Final decision: trailing average cost of debt
April	Media release: regulated retail electricity prices 2015–16—consultations
April	Media release: SEQ bulk water price path 2015–18
April	Fact sheet: SEQ bulk water price path 2015–18

Release Date	Title
April	Final report: SEQ bulk water price path 2015–18
April	Decision: transitional tariffs for Wiggins Island rail project train services
April	Draft decision: Aurizon Network's short-term transfer mechanisms
March	Staff draft working paper: SEQ retail water annual performance monitoring—guidance paper
February	Media release: draft report: Gladstone Area Water Board
February	Fact sheet: draft report: Gladstone Area Water Board prices 2015–20
February	Draft report: Gladstone Area Water Board price monitoring 2015–2020
February	Draft decision: Aurizon Network's revenue cap adjustment 2013–14
February	Workshop presentation: draft decision: electricity prices from 2015–16 for regional Queensland
February	DBCT Management's differential pricing draft amending access undertaking: QCA staff questions for stakeholder comments
February	Final advice: uniform tariff policy and retail electricity prices regulation in regional Queensland
January	Stakeholder notice 7: draft decision Aurizon Network's 2014 draft access undertaking (policy and pricing)
January	Stakeholder notice: 2013 standard user funding agreement draft amending access undertaking
January	Media release: draft decision: 2014 draft access undertaking
January	Public presentation: Aurizon Network's 2014 draft access undertaking—policy and pricing
January	Draft decision: Aurizon Network's 2014 draft access undertaking—policy and pricing
January	Report: small gas customer disconnection, hardship and complaint statistics—September quarter 2014
January	Report: small electricity customer disconnection, hardship and complaint statistics—September quarter 2014
January	Electricity report: market and non-market customer statistics time series—September quarter 2014
January	Electricity report: market and non-market customer statistics—September quarter 2014
January	Media release: consultations announced on draft electricity prices for regional Queensland
January	Regulated retail electricity prices 2015–16: draft determination workshops
2014	
December	Stakeholder notice 6: 2014 draft access undertaking: Aurizon Network's discussion paper on potential short-term transfer mechanism
December	Stakeholder notice 5: 2014 draft access undertaking: Aurizon Network's pricing proposal on WIRP
December	Stakeholder notice 4: 2014 draft access undertaking: assessment timetable
December	Final approval: DBCT non-expansion capital expenditure—RL3
December	Fact sheet: draft decision: business electricity prices from 1 July 2015 for regional Queensland
December	Fact sheet: draft decision: residential electricity prices from 1 July 2015 for regional Queensland
December	Fact sheet: draft decision: regional electricity prices for 2015–16
December	Media release: draft report: electricity prices for regional customers in 2015–16
December	Draft determination: regulated retail electricity prices for 2015–16
December	Advice to the Minister: estimated impact of removing Solar Bonus Scheme costs from electricity prices in 2015–16
December	Fact sheet: draft report: SEQ bulk water prices 2015–18
December	Media release: SEQ bulk water prices 2015–18
December	Draft report: SEQ bulk water price path 2015–18
December	Final decision: Queensland Rail's November 2014 extension draft amending access undertaking
November	Information update: Aurizon Network's 2014 draft access undertaking—draft decision on maximum allowable revenue
November	Media release: Helping customers find the best electricity deal

Release Date	Title
October	Media release: an innovative approach to funding new infrastructure
October	Draft decision: Queensland Rail's June 2013 draft access undertaking
October	Fact sheet: draft decision: Queensland Rail's June 2013 draft access undertaking
October	Media release: draft decision: Queensland Rail's 2013 draft access undertaking
October	Consultation paper: regulated electricity prices 2015–16
October	Fact sheet: review of regulated retail electricity prices in regional Queensland for 2015–16
October	Media release: regulated electricity prices 2015–16
October	Draft decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking
September	Annual report 2013–14
September	Letter to Aurizon Network: draft decision: Aurizon Network's 2014 draft access undertaking—maximum allowable revenue
September	Draft decision: Aurizon Network's 2014 draft access undertaking—maximum allowable revenue
September	Stakeholder notice 3: 2014 draft access undertaking: maximum allowable revenue draft decision
September	Media release: draft decision: maximum allowable revenue
September	Slide presentation: maximum allowable revenue draft decision
September	Fact sheet: review of Aurizon Network's 2014 draft access undertaking—draft decision maximum allowable revenue
September	Media release: review of regulated retail electricity prices for 2015–16
September	Media release: effective, low cost regulation for SEQ water retailers
September	Media release: regulatory framework SEQ water retailers
September	Fact sheet: final report: long-term regulation of SEQ retail water prices
September	Final report: SEQ retail water long-term regulatory framework—Part A: overview
September	Final report: SEQ retail water long-term regulatory framework—Part B: annual performance monitoring
September	Final report: SEQ retail water long-term regulatory framework—Part C: pricing principles
September	Final report: SEQ retail water long-term regulatory framework—Appendix A: Minister's direction notice
September	Final report: SEQ retail water long-term regulatory framework—Appendix B: weighted average cost of capital
September	Final report: SEQ retail water long-term regulatory framework—Appendix C: overview of service quality and performance—NPR indicators and other jurisdictions
September	Final report: SEQ retail water long-term regulatory framework—Appendix D: non-NPR indicators and other jurisdictions/SAMPs
September	Final report: SEQ retail water long-term regulatory framework—Appendix E: final assessment—Unitywater
September	Final report: SEQ retail water long-term regulatory framework—Appendix F: final assessment—Queensland Urban Utilities
September	Final report: SEQ retail water long-term regulatory framework—Appendix G: final assessment—Logan Water
September	Final report: SEQ retail water long-term regulatory framework—Appendix H: final assessment—Redland Water
September	Final report: SEQ retail water long-term regulatory framework—Appendix I: final assessment—Gold Coast Water
September	Discussion paper: incentive regulation—theory and practice
September	Consultation paper: industry assistance—draft catalogue of assistance measures
September	Report: guaranteed service level performance by Energex and Ergon Energy for 2013–14
September	Report: small gas disconnection, hardship and complaints statistics—June quarter 2014
September	Report: small electricity disconnection, hardship and complaint statistics—June quarter 2014
September	Electricity report: market and non-market customer statistics time series—June quarter 2014

Release Date	Title
September	Electricity report: market and non-market customer statistics—June quarter 2014
September	Interim report: industry assistance—performance assessment framework
September	Media release: carbon-exclusive regional feed-in tariff
September	Position paper: long-term framework for SEQ water retailers—weighted average cost of capital (WACC)
September	Final decision: 2014 review of Ergon Energy's minimalist transitioning approach
August	Final decision: cost of debt estimation methodology
August	Decision: Aurizon Network's 2012–13 regulatory asset base roll-forward
August	Draft decision: trailing average cost of debt
August	Final decision: cost of capital—market parameters
August	Stakeholder notice 2: Aurizon Network's 2014 draft access undertaking: submission guidelines
August	Notice of time periods—Aurizon Network's 2014 draft access undertaking
August	Notice of investigation—Aurizon Network's 2014 draft access undertaking
August	Media release: Aurizon Network's 2014 draft access undertaking
August	Fact sheet: Aurizon Network's 2014 draft access undertaking
August	Stakeholder notice 1: 2014 draft access undertaking timetable
July	Fact sheet: electricity bills and the carbon tax—updated 24 July 2014
July	Fact sheet: business electricity prices from 1 July 2014—updated 24 July 2014
July	Fact sheet: transitional arrangements for electricity prices from 1 July 2014—updated 24 July 2014
July	Fact sheet: residential electricity prices from 1 July 2014—updated 24 July 2014
July	Fact sheet: electricity prices from 1 July 2014—updated 24 July 2014
July	Electricity Industry Code—version 17
July	Final decision: Aurizon Network's 2013 flood review event claim
July	Decision: Aurizon Network's endorsed variation events: electric charge and QCA levy
July	Decision: Aurizon Network's endorsed variation event: transfer fee dispute
July	Draft report: aquaculture regulation in Queensland
July	Media release: review of Queensland aquaculture regulation—draft report
July	Media release: regulated electricity prices—post-carbon tax
July	Fact sheet: Canegrowers' proposal for lower irrigation prices
July	Electricity Industry Code—version 16
July	Media release: review of Gladstone Area Water Board's 2015–20 prices

Reports to the Queensland Government

Not publicly available

Release Date	Title
2015	
June	Report to the Minister for Energy and Water Supply: performance of the QCA's functions under the <i>Electricity Act 1994</i> and the <i>Gas Supply Act 2003</i>
2014	
December	Report to the Minister for Energy and Water Supply: performance of the QCA's functions under the <i>Electricity Act 1994</i> and the <i>Gas Supply Act 2003</i>
October	Review of distributors' 2015–20 draft regulatory proposals
October	OBPR annual report 2013–14
September	Final report: aquaculture regulation in Queensland

FINANCIAL STATEMENTS

C O N T E N T

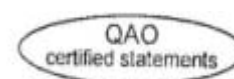
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S T A T E M E N T O F C O M P R E H E N S I V E I N C O M E

for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Income from Continuing Operations			
Government Grant		7,200,000	7,200,000
Fees		14,428,279	14,772,539
Other Income	3	433,614	444,793
Total Revenue		22,061,893	22,417,332
Gains/Losses			
Gain/(Loss) on sale of plant and equipment		-	-
Total Income from Continuing Operations		22,061,893	22,417,332
Expenses from Continuing Operations			
Members Expenses		704,463	693,046
Employee Expenses	4	10,654,414	11,087,762
Supplies and Services	5	7,264,562	8,425,117
Depreciation and Amortisation	11	397,309	370,710
Fee Expense	6	5,039,124	-
Other Expenses	7	40,834	39,140
Total Expenses from Continuing Operations		24,100,706	20,615,775
Operating Result from Continuing Operations		(2,038,812)	1,801,556
Other Comprehensive Income		-	-
Total Comprehensive Income		(2,038,812)	1,801,556

The accompanying notes form part of these financial statements



STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Notes	2015 \$	2014 \$
Current Assets			
Cash and Cash Equivalents	8	13,394,786	13,005,661
Receivables	9	5,380,049	2,648,872
Other	10	263,232	256,745
Total Current Assets		19,038,067	15,911,279
Non Current Assets			
Plant and Equipment	11	3,007,145	3,383,800
Total Non Current Assets		3,007,145	3,383,800
Total Assets		22,045,212	19,295,079
Current Liabilities			
Payables	12	5,905,998	395,094
Accrued Employee Benefits	13	796,230	906,932
Lease Incentive Liability	14	330,000	330,000
Total Current Liabilities		7,032,228	1,632,027
Non Current Liabilities			
Accrued Employee Benefits	13	606,514	887,768
Lease Incentive Liability	14	2,145,000	2,475,000
Total Non Current Liabilities		2,751,514	3,362,768
Total Liabilities		9,783,741	4,994,795
Net Assets		12,261,470	14,300,284
Equity			
Contributed Equity		1,559,000	1,559,000
Accumulated Surplus		10,702,470	12,741,284
Total Equity		12,261,470	14,300,284

The accompanying notes form part of these financial statements

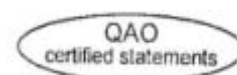


S T A T E M E N T O F C H A N G E S I N E Q U I T Y

for the year ended 30 June 2015

	Accumulated Surplus		Contributed Equity	
	2015	2014	2015	2014
	\$	\$	\$	\$
Balance 1 July	12,741,283	10,939,726	1,559,000	1,559,000
Operating Result from Continuing Operations	(2,038,812)	1,801,556	-	-
Other Comprehensive Income	-	-	-	-
Balance 30 June	10,702,470	12,741,282	1,559,000	1,559,000

The accompanying notes form part of these financial statements

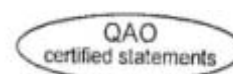


S T A T E M E N T O F C A S H F L O W S

for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
<i>Inflows:</i>			
Government Grant		7,200,000	7,200,000
Fees		11,732,000	13,142,814
Interest		428,508	446,883
Other		5,300	3,517,321
GST collected on services provided		1,169,334	1,334,700
GST input tax credits from ATO		809,238	1,005,686
		21,344,380	26,647,403
<i>Outflows:</i>			
Members Expenses		(704,463)	(693,046)
Employee Expenses		(11,149,174)	(10,981,091)
Supplies and services		(7,075,429)	(8,703,636)
GST paid to Suppliers		(903,913)	(1,169,553)
GST remitted to ATO		(1,101,623)	(1,650,513)
		(20,934,601)	(23,197,839)
Net cash provided by / (used in) operating activities		409,779	3,449,564
Cash flows from investing activities			
<i>Inflows:</i>			
Proceeds from disposal of Plant and Equipment		-	-
<i>Outflows:</i>			
Payments for Plant and Equipment		(20,654)	(309,776)
Net cash provided by / (used in) investing activities		(20,654)	(309,776)
Net increase/(decrease) in cash and cash equivalents		389,125	3,139,788
Cash and cash equivalents at beginning of financial year		13,005,659	9,865,871
Cash and cash equivalents at end of financial year	8	13,394,784	13,005,659

The accompanying notes form part of these financial statements



NOTES TO AND FORMING PARTS OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

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 the national competition policy in Queensland. Broadly, the Authority is responsible for:

- subject to reference or declaration by the Minister (the Treasurer, Minister for Employment and Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships), 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 Minister 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 2015, 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 realised or paid within the next 12 months, being the Authority's operational cycle.

b) The Reporting Entity

The Authority does not control other entities. The financial statements include the value of all income, expenses, assets, liabilities and equity of the Authority as an individual entity.

c) Revenue and Expenses

The Government grant is recognised when received or when an entitlement is established.

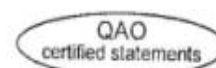
Fee revenue is recognised in the accounting period in which the services are rendered and is in compliance with the requirements set out in the *Queensland Competition Authority Regulation 2007*.

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 calculated based on the associated costs of providing the related services.

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 as a payable and is recognised as an expense in the Statement of Comprehensive Income. All amounts payable are repaid in the next financial year.

Any cost of providing the regulated services in excess of the regulated fee income received in a year is disclosed in the Statement of Financial Position as a receivable and is recognised as revenue in the Statement of Comprehensive Income. All amounts receivable are invoiced in the subsequent financial year.

All other revenue is recognised when earned by the Authority and can be measured reliably with a sufficient degree of certainty.



Expenses are recognised when incurred by the Authority and can be reliably measured.

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

See also notes 6, 9, 12 and 17.

d) Leasing

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

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.

e) Plant and Equipment

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

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

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

In general, the following depreciation rates have been used:

- Office Equipment: 10% to 33%
- Computer Equipment: 20% to 33%
- Fixtures and Fittings: 10% to 12%
- Leasehold Improvements: 10% to 12%

f) Impairment of Non-Current Assets

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Authority determines the asset's recoverable amount. Any amount by which the asset's carrying value exceeds the recoverable amount is recorded as an impairment loss.

g) Employee Benefits:

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

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

The Authority joined the State Government's Long Service Leave Central Scheme (the Scheme) from 1 July 2002. Under the Scheme, a levy is made on the Authority to cover this expense. Amounts paid to employees for long service leave are claimed from the Scheme quarterly in arrears.

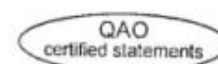
No provision for long service leave is recognised in the Financial Statements from 1 July 2002, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

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

h) 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 in the Statement of Financial Position.

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



i) 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.

j) 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.

k) 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.

l) Financial Instruments:

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Authority becomes a party to the contractual provisions of the instrument.

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

The carrying amounts of trade receivables and payables approximate their fair value.

No financial assets and financial liabilities have been offset and presented on a net basis in the Statement of Financial Position.

The Authority does not enter into, or trade with, such instruments for speculative purposes, nor for hedging.

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) Accounting Estimates and 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:

- Depreciation - note 2e and 11
- Accrued Expenses - note 12
- Accrued Employee Benefits - note 13

o) Rounding and Comparatives

Comparative information is restated where necessary to be consistent with disclosures in the current reporting period.

Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

Amounts included in financial statements are in Australian dollars and are rounded to the nearest dollar.

p) New and Revised Accounting Standards

The Authority changed an accounting policy during the 2014-15 year (see note 17).

There were no Australian accounting standard changes applicable in 2014-15 that have had an impact on the Authority's financial statements.

There have been changes to the Accounting Standards that will be mandatory in future financial years. These changes are not expected to materially impact on the Authority's financial statements.



Note 3:	2015	2014
Other Income	\$	\$
Interest	428,315	444,343
Other	5,300	449
Total	433,614	444,793

Note 4:	2015	2014
Employee Expenses	\$	\$

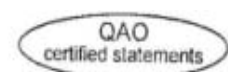
Employee Benefits		
Salaries	8,787,267	8,743,251
Employer Superannuation Contributions	806,312	821,260
Long Service Leave Central Scheme Levy	187,316	183,263
Employee Related Expenses		
Payroll tax	491,783	470,313
Staff Training Costs	139,306	293,373
Staff Recruitment Costs	112,702	512,080
Other Staff Expenses	102,878	39,400
Workers Compensation Premium	26,851	24,823
Total	10,654,414	11,087,762

The number of employees including both full time employees and part time employees measured on a full time equivalent basis is: 57.6 74.1

Key Executive Management

The key executive management personnel that had authority and responsibility for planning, directing and controlling the activities of the Authority during 2014–15 are detailed below.

Position	Responsibilities	Current Incumbents	
		Contract Classification and Appointment Authority	Date Appointed to position (End date of position)
Chairman	Members are collectively responsible for the Authority's duties and responsibilities, in accordance with the QCA Act. The Chairman is also responsible for the collegiate functioning of the members and Ministerial liaison.	Governor in Council/QCA Act 1997	29 January 2013 (5 June 2015)
Chairman	Members are collectively responsible for the Authority's duties and responsibilities, in accordance with the QCA Act. The Chairman is also responsible for the collegiate functioning of the members and Ministerial liaison.	Governor in Council/QCA Act 1997	11 June 2015
Deputy Chairman	Members are collectively responsible for the Authority's duties and responsibilities, in accordance with the QCA Act. In the absence of the Chairman, the Deputy chairman assumes the Chairman's responsibilities.	Governor in Council/QCA Act 1997	29 January 2013
Member	Members are collectively responsible for the Authority's duties and responsibilities, in accordance with the QCA Act.	Governor in Council/QCA Act 1997	11 December 2008
Chief Executive	The Chief Executive is responsible for management of the Authority in accordance with directions of the Members and the QCA Act.	Individual Contract issued by the Authority	14 July 2014



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

Total Remuneration comprises:

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

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

1 July 2014—30 June 2015

Position	Short Term Benefits		Long Term Benefits	Post Employment	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
Chairman	404,997	-	8,505	17,999	-	431,501
Chairman	6,301	-	-	599	-	6,900
Deputy Chairman	95,985	-	-	9,119	-	105,104
Member	86,384	-	-	8,207	-	94,591
Chief Executive	345,893	-	7,264	17,770	-	370,927
Total Remuneration	939,560	-	15,769	53,694	-	1,009,022

1 July 2013—30 June 2014

Position	Short Term Benefits		Long Term Benefits	Post Employment	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
Chairman	390,883	-	8,209	17,714	-	416,806
Deputy Chairman	93,500	-	-	8,649	-	102,149
Member	84,150	-	-	7,784	-	91,934
Chief Executive	133,630	-	2,806	5,110	-	141,546
Total Remuneration	702,163	-	11,015	39,257	-	752,435

Note 5:

Supplies and Services

	2015	2014
	\$	\$
Specialist Services	5,074,499	5,879,464
Occupancy Costs (including operating lease rentals)	1,598,632	1,515,232
Information Technology Costs	231,363	394,259
Travel and Accommodation Costs	31,478	74,002
Bank Fees and Charges	17,546	18,707
General Administration Costs	134,999	256,002
Other	176,045	287,450
Total	7,264,562	8,425,117

Note 6:

Fee Expense

	2015	2014
	\$	\$
Fee Expense*	5,039,124	-
Total	5,039,124	-

*Fee Expense represents regulated fees received in excess of reasonable costs that will be repaid in the next financial year. See also notes 12 and 17.



Note 7:	2015	2014
Other Expenses	\$	\$
External Audit Fees*	22,105	21,310
Insurance Premiums	18,729	17,830
Total	40,834	39,140

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

Note 8:	2015	2014
Cash and Cash Equivalents	\$	\$

Cash assets include cash at bank, cash on hand and cash with Queensland Treasury Corporation (QTC). All cash amounts are at call and can be redeemed in under one working day at their face value. The organisation does not have any borrowing or overdraft facilities.

Balance

Cash at Bank	380,900	128,708
Cash on Hand	500	500
Cash with QTC	13,013,386	12,876,454
Total	13,394,786	13,005,661

Note 9:	2015	2014
Receivables	\$	\$

Trade Debtors	-	-
Accrued Income*	5,287,795	2,488,907
Sub Total	5,287,795	2,488,907

GST Receivable	94,675	163,867
GST Payable	(2,421)	(3,902)
Sub Total	92,254	159,965

Total Receivables	5,380,049	2,648,872
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*Accrued Income represents reasonable costs in excess of regulatory fees received that will be invoiced in the next financial year.

See also note 17

Note 10:	2015	2014
Other	\$	\$

Prepayments	263,232	256,745
Total	263,232	256,745

Note 11:	2015	2014
Plant and Equipment	\$	\$

At Cost	3,985,679	3,996,798
Less: Accumulated Depreciation	(978,534)	(612,998)
Total Plant and Equipment	3,007,145	3,383,800

	2015	2014
Plant and Equipment Reconciliation	\$	\$

Opening Carrying Amount (as at 1 July)	3,383,800	3,444,735
Additions	20,654	309,775
Disposals at Carrying Amount	-	-
Depreciation	(397,309)	(370,710)
Closing Carrying Amount (as at 30 June)	3,007,145	3,383,800

The Authority has plant and equipment with an original cost of \$177,106 and a written down value of zero still being used in the provision of services. 26% of these assets with a gross cost of \$46,051 are expected to be replaced in 2015-16 with the remaining 74% to be replaced in subsequent years.



Note 12:	2015	2014
Payables	\$	\$
Accrued Expenses	541,579	60,806
Trade Creditors	303,190	312,979
Audit Fees Payable	22,105	21,310
Accrued Expenses*	5,039,124	-
Total	5,905,998	395,094

*Accrued Expenses represents the regulatory fees in excess of the reasonable costs that will be repaid in the next financial year.

See also notes 6 and 17.

Note 13:	2015	2014
Accrued Employee Benefits	\$	\$
Current		
Employee Benefits	735,862	869,185
Salaries Payable	60,368	37,747
Total	796,230	906,932

Non-Current

Employee Benefits	606,514	887,768
Total	606,514	887,768

Note 14:	2015	2014
Other Liabilities	\$	\$
Current		
Lease Incentive	330,000	330,000
Total	330,000	330,000

Non-Current

Lease Incentive	2,145,000	2,475,000
Total	2,145,000	2,475,000

Note 15 (a)	2015	2014
Operating Lease Commitments	\$	\$

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)	2,041,181	1,952,506
Later than one year but not later than five years (inclusive of GST)	9,051,311	8,681,556
Later than five years (inclusive of GST)	6,464,135	8,875,072
Total commitments	17,556,627	19,509,133

Note 15 (b)

A bank guarantee in favour of the Landlord for \$970,068 being equivalent to six months rent has been issued. This is enforceable should the Authority default on its' lease commitments.

Note 16:

Events Occurring after Balance Date

On 1 July 2015, the Office of Best Practice Regulation (OBPR) function ceased with the Authority and was transferred to the Queensland Productivity Commission (QPC).

- The grant of \$3,200,000 is no longer receivable by the Authority.
- Staff costs associated with the function will be recovered by the Authority from the QPC from 1 July to 13 November 2015. These arrangements will be reviewed at that time.
- There were no assets or liabilities of the Authority transferred to the QPC.
- The budget for the Authority in 2015-16 does not include any functions of the OBPR.



Note 17:**Changes to accounting treatment of revenue**

This year the Authority changed its application of Accounting Practice Guideline (APG) 2 and AASB 1004: Contributions, with respect to the recognition of revenue, such that all revenue received in the financial year is considered revenue of that year.

The Authority is entitled to charge reasonable costs so any shortfall of revenue against costs incurred in the year is recognised as a receivable in that year.

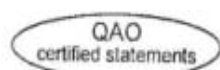
In line with this treatment any excess of revenue received over the reasonable costs will be repaid in the following financial year.

Therefore with regard to the changed application of accounting policy, the treatment of revenue in prior financial years has altered the comparative data for financial year 2013-14.

See also notes 2c, 6, 9 and 12.

Change in Accounting Policy - Restatement of Comparative Figures

	Previous Policy	Adjustment	Revised Policy
2015			
Statement of Comprehensive Income			
Fees	11,665,462	2,762,817	14,428,279
Government Grant and Other Income	7,633,614	-	7,633,614
Expenses	19,061,582	5,039,124	24,100,706
Total Comprehensive Income	237,495	(2,276,307)	(2,038,812)
Statement of Financial Position			
Receivables	259,630	5,120,419	5,380,049
All other current and non current assets	16,665,163	-	16,665,163
All other current and non current liabilities excluding Unearned Revenue	4,744,617	5,039,124	9,783,741
Unearned Revenue	5,039,124	(5,039,124)	-
Net Assets	7,141,051	5,120,419	12,261,470
Contributed Equity	1,559,000	-	1,559,000
Accumulated Surplus	5,344,558	7,396,726	12,741,284
Operating result from continuing operations	237,495	(2,276,307)	(2,038,812)
Total Equity	7,141,053	5,120,419	12,261,472
	Previous Policy	Adjustment	Revised Policy
2014			
Statement of Comprehensive Income			
Fees	11,889,282	2,883,257	14,772,539
Government Grant and Other Income	7,644,793	-	7,644,793
Expenses	20,615,775	-	20,615,775
Total Comprehensive Income	1,081,700)	2,883,257	1,801,557
Statement of Financial Position			
Receivables	224,731	2,424,141	2,648,872
All other current and non current assets	16,646,207	-	16,646,207
All other current and non current liabilities excluding Unearned Revenue	4,994,794	-	4,994,794
Unearned Revenue	4,972,586	(4,972,586)	-
Net Assets	6,903,558	7,396,727	14,300,285
Contributed Equity	1,559,000	-	1,559,000
Accumulated Surplus	6,426,257	4,513,469	10,939,726
Operating result from continuing operations	(1,081,700)	2,883,257	1,801,557
Total Equity	6,903,557	7,396,726	14,300,283



C E R T I F I C A T E O F Q U E E N S L A N D C O M P E T I T I O N A U T H O R I T Y

This general purpose financial report has been prepared pursuant to s.62(1)(a) of the *Financial Accountability Act 2009* (the Act) relevant sections of the Financial and Performance Management Standard 2009, and other prescribed requirements. In accordance with s.62(1)(b) of the Act we certify that in our opinion:

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Queensland Competition Authority for the financial year ended 30 June 2014 and of the financial position of the Authority at the end of that year; and
- c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

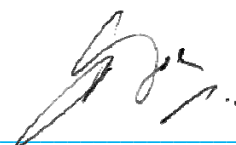


Chair

R Green

BA LLB (Adelaide) PhD (Cambridge)

6 August 2015



Chief Executive Officer

JB Hindmarsh

MBA GAICD

6 August 2015



I N D E P E N D E N T A U D I T O R ' S R E P O R T

To the Members 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 2015, 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 and Chief Executive Officer.

The Member's Responsibility for the Financial Report

The Members are 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 Member's responsibility also includes such internal control as the Members determine 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 Members, 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 2014 to 30 June 2015 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 KEANE CA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

GLOSSARY

Term	Definition
APG	Accounting Practices Guideline
CQCN	central Queensland coal network
DAAU	draft amending access undertaking
DAU	draft access undertaking
DBCT	Dalrymple Bay Coal Terminal
EC	electric charge
Ergon	Ergon Energy
EY	Ernst & Young
FiT	feed-in tariff
GAP	Goonyella to Abbot Point
GAWB	Gladstone Area Water Board
GSL	guaranteed service levels
kL	Kilo litre
MAR	maximum allowable revenue
MTA	minimalist transitioning approach
NECAP	non-expansion capital expenditure
NECF	National Energy Customer Framework
Notified prices	regulated retail electricity prices
OBPR	Office of Best Practice Regulation
PIA	preliminary impact assessment
QCA	Queensland Competition Authority
QCA Act	<i>Queensland Competition Authority Act 1997</i>
QPC	Queensland Productivity Commission
RAB	regulatory asset base
RIS	regulatory impact statement
SEQ	south east Queensland
SUFA	standard user funding agreement

Term	Definition
UT3	Aurizon Network's 2010 access undertaking
UT4	Aurizon Network's 2014 DAU
WICET	Wiggins Island coal export terminal
WIRP	Wiggins Island rail project

APPENDICES

A P P E N D I X A : L E T T E R O F C O M P L I A N C E

Queensland Competition Authority

File Ref: 834157

11 September 2015

The Hon Curtis Pitt MP
Treasurer
Minister for Employment and Industrial Relations
Minister for Aboriginal and Torres Strait Islander Partnerships
Level 9, Executive Building
100 George Street
Brisbane QLD 4000

Dear Treasurer

I am pleased to present the annual report 2014–15 and financial statements for the Queensland Competition Authority.

I certify that this annual report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standards 2009*, and
- 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 pages 52–53 of this annual report.

Yours sincerely



Professor Roy Green
Chair

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

A P P E N D I X B : C O M P L I A N C E C H E C K L I S T

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister/s 	ARRs – section 8	51
Accessibility	<ul style="list-style-type: none"> Table of contents Glossary 	ARRs – section 10.1	iii 48–49
	<ul style="list-style-type: none"> Public availability 	ARRs – section 10.2	54
	<ul style="list-style-type: none"> Interpreter service statement 	<i>Queensland Government Language Services Policy</i> ARRs – section 10.3	54
	<ul style="list-style-type: none"> Copyright notice 	<i>Copyright Act 1968</i> ARRs – section 10.4	ii
	<ul style="list-style-type: none"> Information Licensing 	<i>QGEA – Information Licensing</i> ARRs – section 10.5	N/A
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs – section 11.1	2–3
	<ul style="list-style-type: none"> Agency role and main functions 	ARRs – section 11.2	2–3, 10–24
	<ul style="list-style-type: none"> Operating environment 	ARRs – section 11.3	22–24
	<ul style="list-style-type: none"> Machinery of government changes 	ARRs – section 11.4	N/A
Non-financial performance	<ul style="list-style-type: none"> Government’s objectives for the community 	ARRs – section 12.1	7–8, 10–24
	<ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives 	ARRs – section 12.2	7–8
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 12.3	7–8, 10–24
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs – section 12.4	10–24, 25–30
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 13.1	22–23, 33–47
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 14.1	6
	<ul style="list-style-type: none"> Executive management 	ARRs – section 14.2	4–6
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs – section 14.3	N/A
	<ul style="list-style-type: none"> <i>Public Sector Ethics Act 1994</i> 	<i>Public Sector Ethics Act 1994</i> ARRs – section 14.4	22
Governance – risk management and accountability	<ul style="list-style-type: none"> Risk management 	ARRs – section 15.1	22
	<ul style="list-style-type: none"> External scrutiny 	ARRs – section 15.2	22
	<ul style="list-style-type: none"> Audit committee 	ARRs – section 15.3	N/A

Summary of requirement		Basis for requirement	Annual report reference
	<ul style="list-style-type: none"> • Internal audit 	ARRs – section 15.4	N/A
	<ul style="list-style-type: none"> • Information systems and recordkeeping 	ARRs – section 15.5	22
Governance – human resources	<ul style="list-style-type: none"> • Workforce planning and performance 	ARRs – section 16.1	23–24
	<ul style="list-style-type: none"> • Early retirement, redundancy and retrenchment 	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	24
Open Data	<ul style="list-style-type: none"> • Consultancies 	ARRs – section 17 ARRs – section 34.1	54
	<ul style="list-style-type: none"> • Overseas travel 	ARRs – section 17 ARRs – section 34.2	54
	<ul style="list-style-type: none"> • Queensland Language Services Policy 	ARRs – section 17 ARRs – section 34.3	N/A
	<ul style="list-style-type: none"> • Government bodies 	ARRs – section 17 ARRs – section 34.4	54
Financial statements	<ul style="list-style-type: none"> • Certification of financial statements 	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1	45
	<ul style="list-style-type: none"> • Independent Auditors Report 	FAA – section 62 FPMS – section 50 ARRs – section 18.2	46–47
	<ul style="list-style-type: none"> • Remuneration disclosures 	Financial Reporting Requirements for Queensland Government Agencies ARRs – section 18.3	41

FAA: Financial Accountability Act 2009

FPMS Financial and Performance Management Standard 2009

ARRs: Annual report requirements for Queensland Government agencies

ANNUAL REPORT ACCESS

Additional copies

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

Email annualreport@qca.org.au
Mail Executive Support Officer
Queensland Competition Authority
GPO Box 2257
Brisbane Qld 4001
Phone (07) 3222 0555
Fax (07) 3222 0599

This report is available online and in PDF format on our website: qca.org.au/AR-2014-15

Open data

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

- Consultancies 2014–15
- Overseas travel 2014–15
- Government bodies 2014–15

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Translating and interpreting assistance



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Feedback

Readers are encouraged to provide feedback on the contents or structure of this report by contacting us at: annualreport@qca.org.au

