

Queensland
Competition
Authority

2015–16

ANNUAL REPORT

2015–16

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

C O N T E N T

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H I G H L I G H T S

Our body of work completed this year includes:

- final determination of regulated retail electricity prices (notified prices) for 2016–17 in regional Queensland (page 10)
- final decision on the 2014 draft access undertaking submitted by Aurizon Network (page 13)
- final decision on Aurizon Network's standard user funding agreement (SUFA) draft amending access undertaking (page 13)
- final decision on the Queensland Rail 2015 draft access undertaking (page 10)
- draft decision on DBCT Management's 2015 draft access undertaking (page 11)
- final decision on DBCT Management's differential pricing draft amending access undertaking (page 11)

THE QCA

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.

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.

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

The *Queensland Competition Authority Act 1997* (the QCA Act), is the legislation that guides our work.

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.

Where we oversee monopoly prices, consumers can therefore pay market prices, while businesses can still earn a reasonable investment return—a beneficial outcome for all.

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 Aboriginal and Torres Strait Islander Partnerships and Minister for Sport). We only perform these functions on request from the Minister.

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.

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 and industry.

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 Distribution Network Code and the Gas Distribution Network 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*.

Industry

In undertaking our roles, we work with stakeholders in the electricity, water, rail, ports and gas industries.

B O A R D

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 their collective knowledge and understanding of commerce, economics, the responsibilities of the QCA, and the interests of consumers and other stakeholders. Board members are appointed for a term of not more than five years.

CHAIR

PROFESSOR ROY GREEN



Appointment: June 2015—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. 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.

DEPUTY CHAIRMAN

PROFESSOR FLAVIO MENEZES



Appointment: April 2016—April 2019

Flavio Menezes is a Professor of Economics at The University of Queensland. He is the President of the Economic Society of Australia (Queensland), a member of editorial boards and associate editor of a number of international journals, and a co-editor of the Economic Record.

He has published over 50 journal articles on the economics of auctions, competition and regulatory economics, industrial organisation, and market design.

Professor Menezes has extensive international consulting experience. His experience in Australia includes advising the Federal Government, AEMC, ACCC, IPART, the QCA and the Victorian Government.

MEMBER

MADELINE BRENNAN QC



Appointment: April 2016—April 2019

Madeline Brennan is a barrister practising in the state and federal jurisdictions, primarily in the areas of taxation and revenue, administrative law, and competition and consumer law. She has worked for a broad range of clients in the private and government sectors.

She holds a Bachelor of Laws (Hons), Bachelor of Arts (History Hons) and Diploma of Education. She was called to the bar in 1996 and took silk in 2015.

Madeline has long provided service on school, hospital and professional committees and boards. Most recently, she served for eight years on the Human Research Ethics Committee of the QIMR.

FORMER MEMBERS

DR DAVID WATSON

Dr Watson was a member of the Board from November 2009 to April 2016.

DR SALLY PITKIN

Dr Pitkin was a member of the Board from December 2008 to April 2016.

SENIOR STAFF

CHIEF EXECUTIVE OFFICER

JOHN HINDMARSH



John Hindmarsh started working at 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.

As part of the downsizing of the QCA in 2015–16, John and the Board agreed that he will step down as CEO on 31 August 2016. He will be replaced by Mr Charles Millsteed, the current Director Economic Regulation.

DIRECTOR—ECONOMIC REGULATION

CHARLES MILLSTEED

Charles Millsteed joined the QCA 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 impact of trade, investment and climate change policies.

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

DIRECTOR—BUSINESS PERFORMANCE

CATHERINE BARKER

Catherine Barker joined the QCA in 2001.

She has considerable experience in economic regulation.

As Director of Business Performance, her role involves the monitoring and implementation of regulation across all firms regulated by the QCA.

Prior to that, she was involved in the economic oversight of the water and local government sectors, as well as in reviews of cross-sectoral issues.

Catherine started her career at the Bureau of Industry Economics and the Productivity Commission, working on regulatory reviews and inquiries.

DIRECTOR—PEER REVIEW; ACTING DIRECTOR—CORPORATE SERVICES

WILLIAM COPEMAN

William Copeman joined the QCA in 2010.

Previously he was employed in roles at the Queensland Treasury, the Queensland Treasury Corporation and Deloitte Economics.

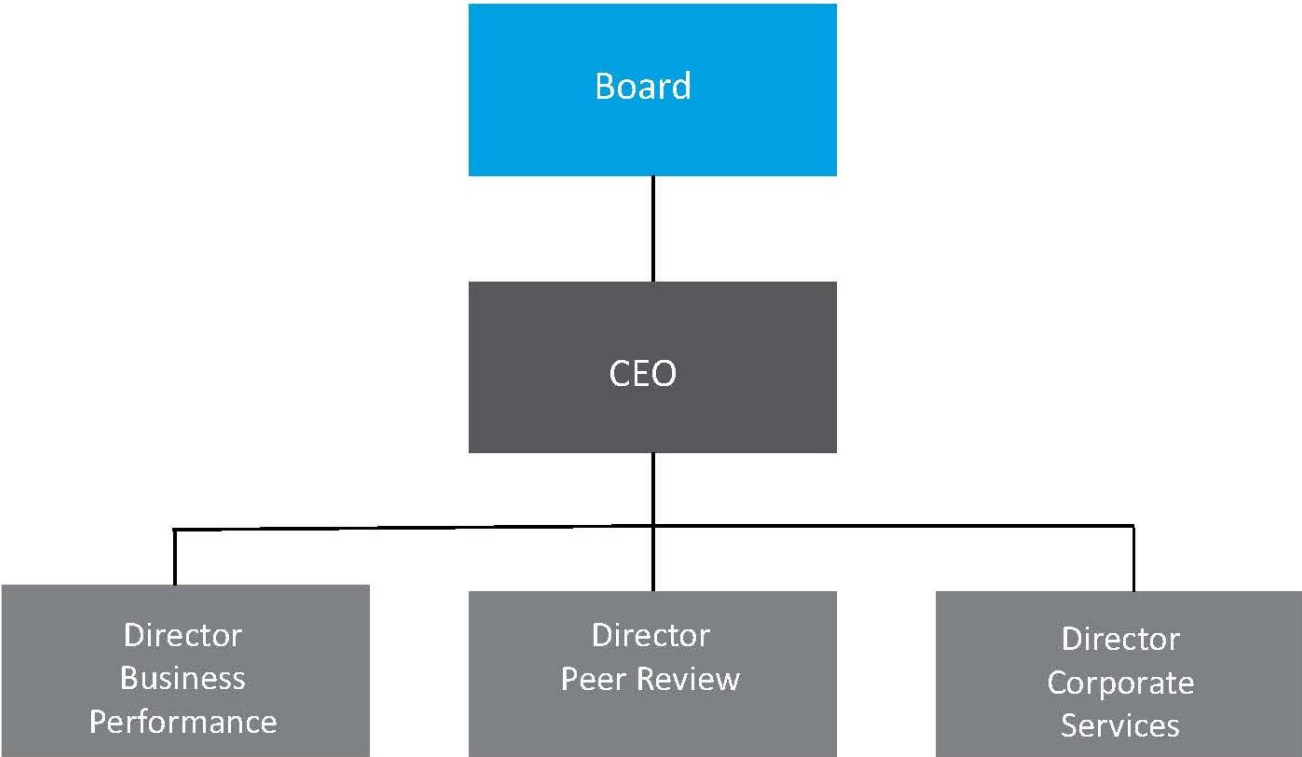
As Director of Peer Review, he is responsible for quality assurance. He has extensive experience in economic regulation, analysis and policy development in both the public and private sector. In particular, William has worked extensively with the Queensland water industry.

FORMER DIRECTOR

ROBYN FARLEY-SUTTON

Robyn Farley-Sutton was employed by the QCA from July 2007 to April 2016. She resigned to take up the role of General Manager—Corporate Services at the Australian Institute of Teaching and School Leadership in Melbourne.

Organisational chart as at 31 August 2016



CHAIR'S INTRODUCTION

The year 2015–16 has been a period of achievement for the QCA. We completed a number of long-standing projects, notably the decisions in respect of the Aurizon Network and Queensland Rail draft access undertakings, and we set a new strategy for the QCA, focused on improving the efficiency and effectiveness of economic regulation in Queensland.

The completion of our assessment of Aurizon Network's 2014 draft access undertaking (2014 DAU) was a particularly significant milestone. The process commenced in April 2013 when Aurizon Network submitted its 2013 draft access undertaking (2013 DAU) to replace the access undertaking that has been in place since 2010 (UT3). The 2013 DAU was a major departure from UT3 and met a lot of resistance from stakeholders, particularly the mining companies that use the central Queensland coal network. After further stakeholder consultation, Aurizon Network withdrew the 2013 DAU and resubmitted an amended version in August 2014. The Queensland Rail project was similarly a lengthy project punctuated by a number of withdrawals and resubmissions of the draft access undertaking first submitted by Queensland Rail in March 2012. The version the QCA was finally able to make a decision on was the version submitted by Queensland Rail in May 2015.

The delays experienced with replacing UT3 and the Queensland Rail project prompted the QCA to make a number of changes to the way it operates under Part 5 of the *Queensland Competition Authority Act 1997* (the QCA Act). In the interests of regulatory certainty, the QCA decided to make greater use of the provisions in the QCA Act that impose stricter timeframes around the submission and approval of replacement access undertakings.

The opportunity to improve the efficiency and effectiveness of economic regulation in Queensland includes finding novel ways to address potential constraints that could affect the expansion or operation of key infrastructure in Queensland. The finalisation of a standard user funding agreement (SUFA) in 2015–16 is a case in point. The SUFA is an initiative to enable parties other than Aurizon Network to fund future expansions of the central Queensland coal network if that is the more efficient way of expanding the network. The new strategy approved by the Board in June 2016 reaffirms the QCA's commitment to initiatives like the SUFA. We need to deliver the functions and services we provide in a more timely and cost-effective manner, but we also want to deliver them in ways that improve the outcomes of economic regulation. We will be seeking to do this in the upcoming review of the bulk water sector in south east Queensland.

In financial terms, the QCA produced an operating surplus of \$0.3 million in 2015–16. Income and operating costs were lower in 2015–16 than they were in 2014–15 due to the downsizing of the QCA following the transfer of the Office of Best Practice Regulation to the Queensland Productivity Commission and the cessation of productivity work by the QCA. As recently announced, the downsizing of the QCA has included a review of the size and composition of the senior management team. That review has resulted in the merging of the CEO and Director Economic Regulation positions. John Hindmarsh, the QCA's CEO of the past two years, has volunteered to step down as at 31 August 2016. He will be replaced by Charles Millsteed, the current Director Economic Regulation. On behalf of the Members, past and present, I would like to take this opportunity to thank John for his leadership of the QCA through what has been a period of significant change.

In closing, I take this opportunity to welcome Professor Flavio Menezes and Madeline Brennan QC to the Board and thank Dr David Watson and Dr Sally Pitkin for their service. The Board experienced considerable change this year with David and Sally both retiring at the end of their respective terms. It is a mark of the quality of the Members past and present that these changes did not unduly disrupt the functioning of the QCA.

CHAIR

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

CEO'S MESSAGE

On 1 July 2015 the QCA returned to managing one line of business: economic regulation. We began 2015–16 understanding we needed to (i) reduce the number of full-time equivalent (FTE) staff from 57.6 to a complement of 50 by year end, (ii) sublease the surplus office accommodation on the 27th floor of 145 Ann Street, and (iii) re-assess the senior management needs of the QCA reduced to economic regulation only. The last time the QCA was an economic-regulation-only business, in 2011–12, it had 51.2 FTE staff and annual operating expenses, net of specialist services costs, of \$9.6 million.

By 30 June 2016, FTE staff numbers were reduced to 45.2, the 27th floor had been subleased to the Queensland Productivity Commission, and operating expenses, net of specialist services, for the 2015–16 financial year were \$10.5 million. Adjusted for inflation, this expenditure equates to \$9.7 million in 2012 dollars. Additionally, as noted in the Chair's introduction, the review of the QCA's senior management needs was completed by year end. This review resulted in a decision to reduce the size of the executive team from five to four. In summary, the QCA has been returned to the scope and size it was the last time it was an economic-regulation-only business.

In addition to downsizing the business, management has been focused on delivering the 2015–16 work programme—in particular, the electricity pricing determination for 2016–17, the final decisions for UT4 and the Queensland Rail draft access undertaking, and a draft decision on the DBCT October 2015 draft access undertaking. I am pleased to report that the 2015–16 goals for all four projects were delivered within the timeframes and budgets we set ourselves at the start of the year. Credit must go to the project managers and their teams for achieving this result.

The cost of the functions and services the QCA supplies is never far from our thoughts. We are conscious that approximately 75 per cent of our operating expenses are paid for by the users of the monopoly infrastructure that we regulate. As the table below shows, regulatory costs have fallen in 2015–16 and are expected to fall further in 2016–17. The decrease in QCA regulatory costs reflects the completion of resource-intensive projects (notably UT4 and Queensland Rail) and efficiencies achieved from the project management structure introduced in November 2014.

		Regulatory fees (\$)	Specialist services costs (\$)	QCA regulatory costs net of specialist services (\$)	Increase (decrease) in QCA costs
2011–12	actual	9,268,855	3,465,799	5,803,056	
2012–13	actual	11,856,700	5,185,989	6,670,711	15%
2013–14	actual	14,772,539	5,879,464	8,893,075	33%
2014–15	actual	14,428,279	5,074,499	9,353,780	5%
2015–16	actual	13,880,988	5,946,274	7,934,714	–15%
2016–17	budget	9,415,798	2,590,000	6,825,798	–14%

This is my last annual report as CEO of the QCA, as I am stepping down on 31 August 2016. I leave well satisfied with the outcomes of the change management task the Board set me in 2014. The QCA today is a very different organisation to the one I joined two years ago. It is now a single team focused on delivering better economic regulation outcomes, and doing so in a considered, balanced and principled way. I am delighted that Charles Millsteed will succeed me. As general manager of the economic regulation business since November 2014, he has been instrumental in developing the culture that now defines the organisation.

I take this opportunity to thank the Members (past and present) for their support and guidance these past two years. I also thank the QCA staff for their dedication and commitment through what has been a challenging time. Although change is always part of business, I hope that the QCA is now entering a more settled period.

CHIEF EXECUTIVE OFFICER

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

ECONOMIC REGULATION

OVERVIEW OF ECONOMIC REGULATION PROJECTS

The QCA's role :

- *determining and recommending prices*
- *monitoring prices and services*
- *overseeing access regulation*

REGULATED RETAIL ELECTRICITY PRICES 2016 – 17

On 31 May 2016, we published our final determination of regulated retail electricity prices (notified prices) for 2016–17.

We began our review in November 2015 under a delegation from the Minister for Energy and Water Supply. The delegation directed us to set notified prices to apply in regional Queensland, not in south east Queensland, where retail electricity prices would be deregulated from 1 July 2016.

We undertook a detailed review of retail costs (which include the costs of customer administration, call centres, billing and IT systems, and retail margins) so that our estimates of these costs could be based on the latest information, including observations from competitive retail electricity markets in Australia.

Following our determination, a typical residential customer on tariff 11 can expect a 2.8 per cent increase in their annual bill in 2016–17, while a typical business customer on tariff 20 can expect an increase of 11.2 per cent.

QUEENSLAND RAIL

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

Queensland Rail's rail network is subject to the access regime established by Part 5 of the QCA Act, which provides for the development of an access undertaking to guide how the access regime should operate.

On 5 May 2015, Queensland Rail submitted its 2015 draft access undertaking (2015 DAU), in response to an initial undertaking notice that we issued under section 133 of the QCA Act in February 2015.

On 8 October 2015, we released our draft decision on the 2015 DAU. We invited submissions on the draft decision from stakeholders by 24 December 2015 and subsequently provided a period for further submissions until 14 March 2016.

On 17 June 2016, we released our final decision to refuse to approve the 2015 DAU.

We issued Queensland Rail with a secondary undertaking notice in accordance with section 134 of the QCA Act, stating our reasons for refusing to approve the 2015 DAU and asking Queensland Rail to give us a copy of the amended DAU by 16 August 2016.

P O R T S

DBCT Management's 2015 DAU

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 is scheduled to expire on the earlier of 30 June 2017, or the date that a new undertaking is approved.

In October 2015, we received a draft access undertaking (the 2015 DAU) from DBCT Management. The 2015 DAU is intended to replace the 2010 access undertaking.

We consulted with stakeholders on the 2015 DAU and received submissions from the DBCT User Group and Vale. We also received supplementary submissions from DBCT Management and the DBCT User Group.

In April 2016, we released our draft decision to refuse to approve DBCT Management's 2015 DAU.

We expect stakeholders to provide submissions on our draft decision in early 2016–17. We are working towards completing our assessment of the 2015 DAU by 30 June 2017.

DBCT Management's 2010 access undertaking

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 current approved access undertaking.

In April 2016, DBCT Management submitted a DAAU to extend the terminating date of the DBCT 2010 access undertaking to the earlier of 30 June 2017, or the approval date of a new undertaking. We received no submissions and made a final decision in June 2016 to approve DBCT's April 2016 extension DAAU.

Differential pricing DAAU

In 2015–16, we continued our assessment of DBCT Management's differential pricing DAAU from February 2015. The DAAU sought to vary the uniform pricing arrangements in the 2010 access undertaking and required us to consider whether future capacity expansions at DBCT should be priced on a differential basis.

In August 2015, we released our final decision refusing to approve DBCT Management's differential pricing DAAU.

Ring-fencing DAAU

In November 2015, DBCT Management submitted a DAAU to the QCA for approval. The DAAU sought to include ring-fencing arrangements in DBCT Management's 2010 access undertaking. It replaced a DAAU from October 2015, following further consultation with stakeholders.

Both DAAUs were submitted with the intention of addressing vertical integration concerns arising from the proposed acquisition of Asciano Limited (which owns the Pacific National above-rail business) by Brookfield Infrastructure Partners (which owns DBCT Management).

In February 2016, we released our draft decision refusing to approve the November ring-fencing DAAU. In March 2016, DBCT Management withdrew its November ring-fencing DAAU.

Water quality improvement project Phase 2

In November 2015, we received an application from DBCT Management for the QCA to approve non-expansion capital expenditure for Phase 2 of the DBCT water quality improvement project. DBCT Management said the project was necessary for it to comply with its environmental licence obligations under the Ports Services Agreement.

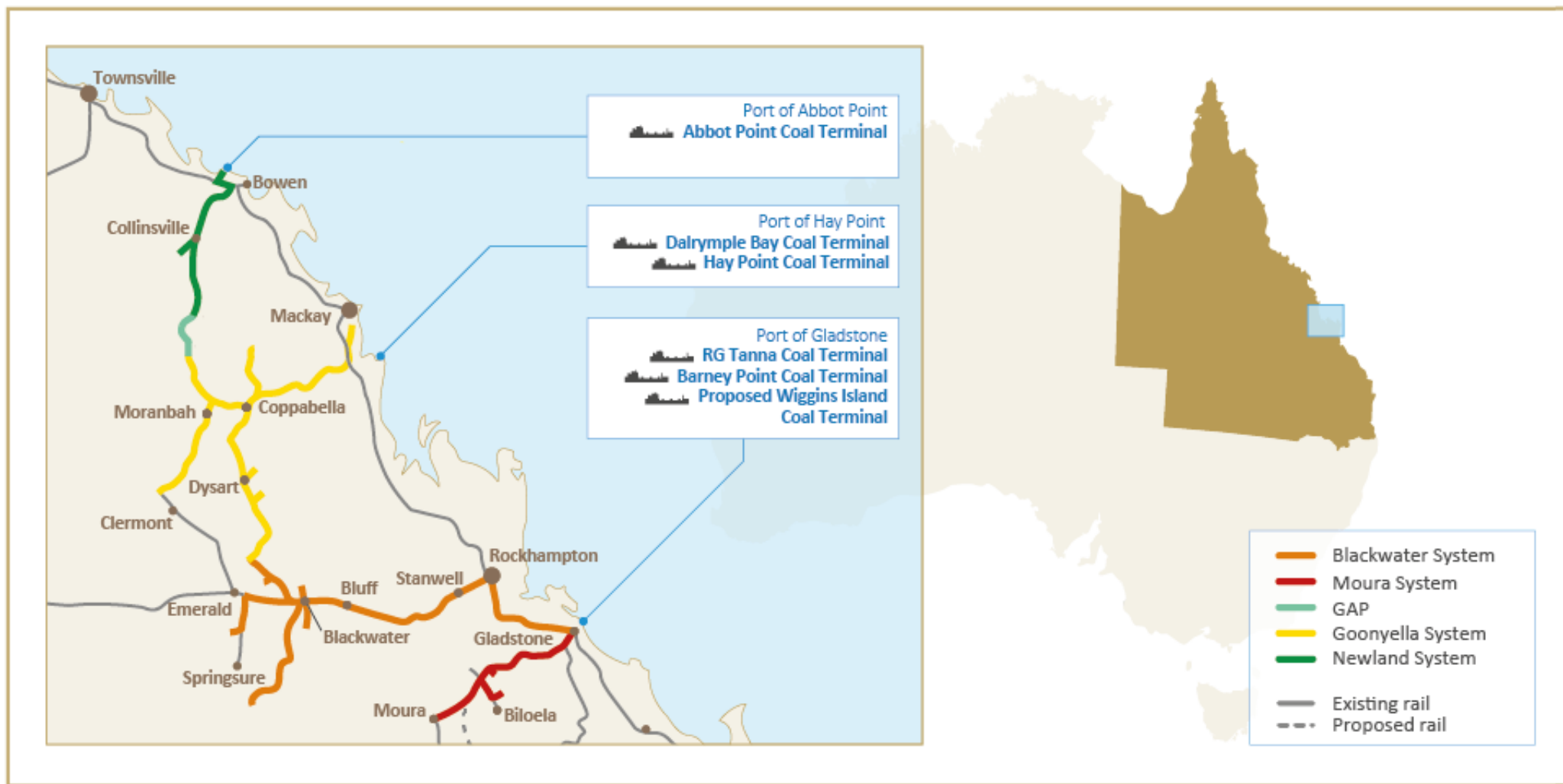
We did not receive any submissions from stakeholders on either the application or our consultant's assessment of the application. Subsequently, we assessed DBCT Management's application to be consistent with the requirements in the 2010 access undertaking and appropriate for inclusion in the Terminal's regulatory asset base.

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

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 the figure on page 12).



Aurizon Network's replacement undertaking (UT4)

In April 2013, Aurizon Network submitted a draft access undertaking (the 2013 DAU) to replace UT3. It was proposed that the 2013 DAU 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 (the 2014 DAU). Aurizon Network presented the 2014 DAU as its response to issues raised by stakeholders.

We subsequently published a draft decision on the maximum allowable revenue (MAR) aspects of the 2014 DAU in September 2014 and a draft decision on the remainder of the 2014 DAU (dealing with policy matters including governance, capacity and expansions, and pricing and tariffs) in January 2015. We also published a draft decision on the short-term transfer mechanism in April 2015, and a draft decision on pricing for the Wiggins Island Rail Project (WIRP) in July 2015.

After considering submissions on these draft decisions, we released a consolidated draft decision in December 2015 to provide stakeholders an opportunity to consider the complete draft decision.

In response to submissions on the consolidated draft decision, we made some changes in policy positions to improve workability. We also redrafted the undertaking to better reflect the QCA Act, and to provide clarification where necessary.

We published our final decision in April 2016, refusing to approve the 2014 DAU.

Since releasing the final decision, we have provided advice and information to Aurizon Network to assist it with its resubmission of its undertaking.

Short-term capacity transfer draft decision

In our 2014 DAU draft decision, 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. We released a draft decision on the short-term transfer mechanisms in April 2015.

After taking account of submissions, our final decision was to refuse to approve Aurizon Network's capacity transfer mechanism.

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.

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. Our draft decision on WIRP pricing and tariffs was published in July 2015.

Our final decision largely retains our position on WIRP pricing arrangements from our consolidated draft decision.

Aurizon Network's replacement undertaking (UT5)

On 11 May 2016, we issued an initial undertaking notice to Aurizon Network in accordance with section 133 of the QCA Act. The notice required Aurizon Network to submit a draft access undertaking by 9 September 2016 for the regulatory period commencing 1 July 2017 (the UT5 regulatory period).

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). The 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. Aurizon Network submitted an initial version of the SUFA in December 2010, but all parties considered it unworkable. A number of iterations of the funding model were subsequently developed between Aurizon Network and the coal industry.

On 22 July 2013, Aurizon Network submitted its latest SUFA version to us by way of a draft amending access undertaking (the 2013 SUFA DAAU).

We consulted extensively with stakeholders, 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.

In October 2014, we released a draft decision setting out the changes we considered were necessary to achieve a workable SUFA arrangement as outlined in our position paper. Submissions on the draft decision were received from three coal miners, the Queensland Resources Council (QRC) and Aurizon Network.

We released a final decision on SUFA in June 2016.

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

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

In 2015–16, Business Performance dealt with a range of matters on which QCA decisions were made, including:

- Aurizon Network's Northern Bowen Basin system rules
- Aurizon Network's revenue cap adjustment amounts, capital expenditure claim and compliance audit for 2014–15
- Aurizon Network's and DBCT's extension DAAUs
- DBCT's annual revenue roll-forward
- enforcement guidelines for electricity retailers and distributors
- the solar feed-in tariff for regional Queensland for 2016–17.

CORPORATE MATTERS

OVERVIEW

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

The QCA places great emphasis on corporate governance. Under the guidance of QCA Members, management has implemented an administrative framework designed to support the delivery of effective and efficient economic regulation for Queensland. In addition, a range of policies and procedures have been developed to ensure that, among other things, assets are safeguarded and 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, which found that these 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. 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 public sector core 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. It also routinely reviews and updates its policies. The discrimination, sexual harassment, victimisation, vilification, and workplace bullying policies were updated in 2015–16, as were the banned-share list, natural justice manual, and delegations policy. In addition, a domestic and family violence policy and union encouragement policy were developed and implemented. All staff received training on the new

requirements and were reminded of their existing obligations.

Financial performance

The QCA has reported a surplus of \$0.3 million in 2015–16. The analysis below provides details of variances against the approved budget.

The QCA total revenue was lower than budgeted by \$0.5 million, largely due to increased activity for Aurizon Network (\$2.6 million) offset by less than budgeted revenue from retail water entities (\$0.75 million) and SunWater (2.5 million). A number of minor variances account for the remaining \$0.15 million difference between budgeted and actual revenue.

Total expenditure amounted to \$18.3 million against a budget of \$21.3 million. Employee expenses were \$0.6 million less than budget and payments for specialist advice were also less than budget by \$3.3 million. Reconsideration of \$754,272 of under-recovered costs from 2014–15, which were due to be received from regulated entities in 2015–16, are recorded as an unbudgeted impairment loss in this year's financial statements. A number of minor variances account for the remaining \$0.1 million of over-spend relative to budget.

The favourable expenditure variance of \$3.0 million plus the impact of lower revenue of \$0.5 million explains the increased surplus from the budgeted loss of \$2.1 million to the surplus of \$0.3 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, with a 5.5-star NABERS 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 work-life balance policies, with excellent end-of-trip facilities (including secure bike racks and showering facilities) and heart-smart stairs (between floors).

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

Other information

Our website provides information on:

- consultancies
- overseas travel
- government bodies.

O U R S T A F F

Equal employment opportunities

Our policies support the principles of equal employment opportunity, and promote a work environment free of discrimination, sexual harassment and bullying.

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

Workforce profile

As at 30 June 2016, we employed 45.2 full time equivalent staff in a range of technical and support roles.

For the 2015–16 financial year, we had a permanent separation rate of 25% (the percentage of permanent employees who separated from the QCA in the 12 months to 30 June 2016 as compared to the number of permanent employees on 30 June 2015).

The higher than usual separation rate reflects the downsizing of the QCA after the establishment of the Queensland Productivity Commission.

Workforce planning

QCA staffing levels are based on the annual work plan. Consultants or contract staff are engaged as necessary for specialist advice and for support during peak workload periods.

Candidates for permanent employment are sourced through online and print advertising, using a combination of in-house recruitment, recruitment agencies, referrals and direct applications.

Employee performance management framework

All new staff are required to complete corporate induction covering HR and general QCA policies, IT and systems, and general orientation.

Staff performance is formally assessed at the end of each project and/or at the end of the financial year. The results of performance reviews are considered in the annual salary review process, and inform decisions regarding staff promotions.

We have a strong culture of employee development. A training plan is developed for each staff member during the 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. Four staff participated in this scheme in 2015–16, undertaking formal studies to obtain professional qualifications.

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.

Employee health and wellbeing

Maintaining or improving overall staff health and wellness is a priority to us, and we offer staff a number of initiatives in this regard. Employees are offered annual influenza vaccinations, health checks and ergonomic assessments, and receive individual health and safety assessments periodically. In addition, our Employee Assistance Program provides staff with a confidential, professional counselling service on an on-demand basis. Staff can also access sponsorship for a charity fitness event of their choice each year.

Leadership development framework

Opportunities for leadership development are identified through the performance evaluation process and work plan. Managers and potential managers can develop leadership skills through on-the-job mentoring and guidance, as well as formal training.

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 HR Manager manages any workplace complaints, investigations and Work Cover claims that may arise. Where necessary, investigations may be outsourced to ensure impartiality.

Early retirement, redundancy and retrenchment

Two employees received redundancy packages during 2015–16 at a cost of \$101,133.

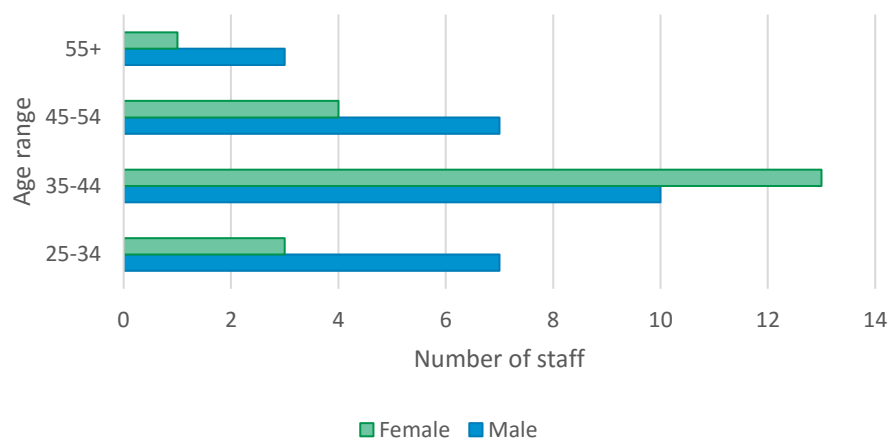
Workforce profile as at 30 June 2016

	Total staff	Male	Female	NESB*	A&TSI**
Chief Executive	1	1	0	0	0
Directors	3	2	1	0	0
Technical staff	31	21	10	7	0
Support staff	13	3	10	3	0
Total	48	27	21	10	0

* Non-English speaking background (voluntary disclosure)

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

Staff demographics—age and gender



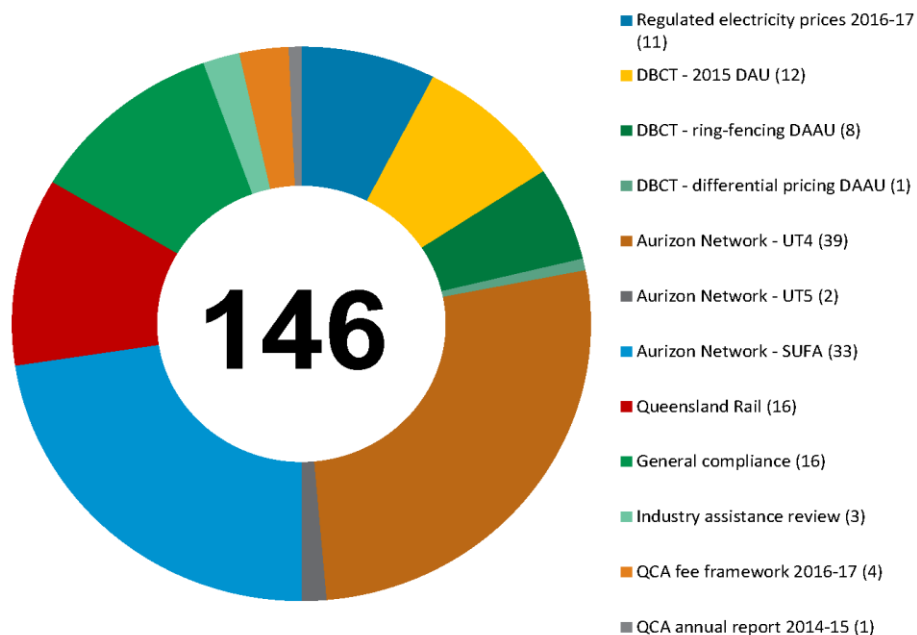
Flexible work arrangements as at 30 June 2016

	Staff with flexible arrangements	Part-time staff	Staff who purchased leave
Male	2	1	1
Female	8	7	1
NESB*	0	0	0
Technical staff	8	6	2
Support staff	2	2	0

* Non-English speaking background (voluntary disclosure)

OUR PUBLICATIONS

TOTAL PUBLICATIONS



Publications released and submissions received

	Submissions	Publications
Regulated retail electricity prices 2016–17	82	11
Aurizon Network UT4	30	39
Aurizon Network UT5	0	2
Aurizon Network—SUFA	2	33
Queensland Rail	14	16
DBCT—2015 DAU	6	12
DBCT—ring-fencing DAAU	7	8
DBCT—differential pricing DAAU	0	1
General compliance	28	16
2016-17 fee framework consultation	11	4
Productivity—Industry Assistance	0	3
QCA annual report	0	1
Total	180	146

Publicly available publications

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

Release date	Title
2016	
June	Notice of time periods: DBCT Management's 2015 draft access undertaking—June 2016
June	Decision: DBCT Management's 2016–17 annual revenue requirement roll-forward
June	Final decision: Aurizon Network's May extension DAAU
June	Final decision: DBCT Management's extension draft amending access undertaking
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Construction Agreement—Formal Instrument of Agreement: final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Comparison Construction Agreement—Formal Instrument of Agreement: draft decision vs final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Construction Agreement—General Conditions: final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Comparison Construction Agreement—General Conditions: draft decision vs final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Trust Deed: final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Comparison Trust Deed: draft decision vs final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Comparison Trust Deed:2013 SUFA DAAU vs final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Subscription and Unit Holders Deed: final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Comparison Subscription and Unit Holders Deed: draft decision vs final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Comparison Subscription and Unit Holders Deed: 2013 SUFA DAAU vs final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Specific Security Agreement: final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Comparison Specific Security Agreement: draft decision vs final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Rail Corridor Agreement: final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Comparison Rail Corridor Agreement: draft decision vs final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Comparison Rail Corridor Agreement: 2013 SUFA DAAU vs final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Integrated Network Deed: final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Comparison Integrated Network Deed: draft decision vs final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Comparison Integrated Network Deed: 2013 SUFA DAAU vs final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Financing Side Deed: final decision

Release date	Title
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Comparison Financing Side Deed: draft decision vs final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Extension Project Agreement: final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Comparison Extension Project Agreement: draft decision vs final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Extension Infrastructure Sub-lease: final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Comparison Extension Infrastructure Sub-lease: draft decision vs final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Comparison Extension Infrastructure Sub-lease: 2013 SUFA DAAU vs final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Extension Infrastructure Head-lease: final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Comparison Extension Infrastructure Head-lease: draft decision vs final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Comparison Extension Infrastructure Head-lease: 2013 SUFA DAAU vs final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Access Agreement Specific Terms Deed: final decision
June	Final decision: Aurizon Network's 2013 standard user funding agreement draft amending access undertaking: QCA—Comparison Access Agreement Specific Terms Deed: draft decision vs final decision
June	Media release: QCA final decision on Aurizon Network's standard user funding agreement
June	Secondary undertaking notice: Queensland Rail 2015 draft access undertaking
June	Secondary undertaking notice—Attachment: QCA decision—Queensland Rail's 2015 draft access undertaking
June	Secondary undertaking notice—Attachment: QCA decision—Appendix F: DAU mark ups
June	Secondary undertaking notice—Attachment: QCA decision—Appendix F: DAU clean
June	Secondary undertaking notice—Attachment: QCA decision—Appendix F: DAU mark ups—Schedule G (Operating Requirements Manual)
June	Secondary undertaking notice—Attachment: QCA decision—Appendix F: DAU clean—Schedule G (Operating Requirements Manual)
June	Secondary undertaking notice—Attachment: QCA decision—Appendix G: SAA mark ups
June	Secondary undertaking notice—Attachment: QCA decision—Appendix G: SAA clean
June	Media release: QCA releases decision on Queensland Rail's 2015 draft access undertaking
May	Final determination: regulated retail electricity prices for 2016–17
May	Fact sheet: 2016–17 residential regulated electricity prices for regional Queensland
May	Fact sheet: 2016–17 small business regulated electricity prices for regional Queensland
May	Media release: regulated retail electricity prices for regional Queensland in 2016–17
May	Final report: solar feed-in tariff for regional Queensland for 2016–17
May	Fact sheet: final report: solar feed-in tariff for regional Queensland for 2016–17
May	Media release: regional solar feed-in tariff for 2016–17
May	Initial undertaking notice: Aurizon Network's UT5
May	Stakeholder notice: development of Aurizon Network's regulatory arrangements to apply from 1 July 2017
May	QCA fee framework 2016–17
May	QCA fee framework 2016–17—Appendix A
May	QCA fee framework 2016–17—Appendix B

Release date	Title
May	Notice of time periods: DBCT Management's 2015 draft access undertaking—extended consultation
April	Final decision: Aurizon Network 2014 draft access undertaking—Volume I: governance and access
April	Final decision: Aurizon Network 2014 draft access undertaking—Volume II: capacity and expansions
April	Final decision: Aurizon Network 2014 draft access undertaking—Volume III: pricing and tariffs
April	Final decision: Aurizon Network 2014 draft access undertaking—Volume IV: maximum allowable revenue
April	Final decision: Aurizon Network 2014 draft access undertaking—Volume V: definitions, glossary and references
April	Final decision: Aurizon Network 2014 draft access undertaking—Appendix A: The 2014 Undertaking (clean)
April	Final decision: Aurizon Network 2014 draft access undertaking—Appendix B: The 2014 Undertaking (mark up to CDD)
April	Final decision: Aurizon Network 2014 draft access undertaking—Appendix C: Standard Access Agreement (clean)
April	Final decision: Aurizon Network 2014 draft access undertaking—Appendix D: Standard Access Agreement (mark up to CDD)
April	Final decision: Aurizon Network 2014 draft access undertaking—Appendix E: Standard Train Operations Deed (clean)
April	Final decision: Aurizon Network 2014 draft access undertaking—Appendix F: Standard Train Operations Deed (mark up to CDD)
April	Final decision: Aurizon Network 2014 draft access undertaking—Appendix G: Standard Rail Connection Agreement (clean)
April	Final decision: Aurizon Network 2014 draft access undertaking—Appendix H: Standard Rail Connection Agreement (mark up to CDD)
April	Final decision: Aurizon Network 2014 draft access undertaking—Appendix I: Standard Studies Funding Agreement (clean)
April	Final decision: Aurizon Network 2014 draft access undertaking—Appendix J: Standard Studies Funding Agreement (mark up to CDD)
April	Final decision Aurizon Network 2014 draft access undertaking—The 2014 Undertaking (compare to DAU)
April	Final decision Aurizon Network 2014 draft access undertaking—Standard Access Agreement (compare to DAU)
April	Final decision: Aurizon Network 2014 draft access undertaking—Standard Train Operations Deed (compare to DAU)
April	Final decision: Aurizon Network 2014 draft access undertaking—Standard Rail Connection Agreement (compare to DAU)
April	Final decision: Aurizon Network 2014 draft access undertaking—Standard Studies Funding Agreement
April	Media release: QCA publishes final decision on Aurizon Network's 2014 draft access undertaking
April	Draft decision: DBCT Management's 2015 draft access undertaking
April	Draft decision: DBCT Management's 2015 draft access undertaking—Appendix A: mark-up of the 2015 DAU
April	Draft decision: DBCT Management's 2015 draft access undertaking—Appendix B: mark-up of the User Agreement
April	Media release: draft decision released on DBCT Management's 2015 draft access undertaking
April	Revised notice of time periods: DBCT Management's 2015 draft access undertaking
April	Position paper: Aurizon Network's standard user funding agreement draft amending access undertaking: rental streams if the CQCN is not a declared service
April	Workshop presentation: draft determination 2016–17 retail electricity prices
March	2016–17 Draft determination of regional regulated retail electricity prices

Release date	Title
March	Media release: Queensland Competition Authority draft decision on regulated retail electricity prices for regional Queensland in 2016–17
March	Fact sheet: 2016–17 regulated electricity prices for residential customers
March	Fact sheet: 2016–17 regulated electricity prices for small businesses
March	Letter to Queensland Rail: 2015 draft access undertaking weighted average cost of capital averaging period
March	QCA response to DBCT Management: weighted average cost of capital averaging period and end of regulatory period
February	Draft decision: DBCT Management 2015 (ring-fencing) draft amending access undertaking
February	Draft decision: DBCT Management 2015 (ring-fencing) draft amending access undertaking—DAAU
February	Draft decision: DBCT Management 2015 (ring-fencing) draft amending access undertaking—standard access agreements
February	Media release: draft decision released on DBCT Management’s ring-fencing arrangements
February	Addendum to request for comments on submissions on Queensland Rail’s 2015 DAU draft decision
January	QCA fee framework 2016–17—draft
January	Request for comments on submissions on Queensland Rail’s 2015 DAU draft decision
2015	
December	Stakeholder notice 14: Aurizon Network’s 2014 draft access undertaking streamlined consultation process
December	Consolidated draft decision: Aurizon Network’s 2014 draft access undertaking—Volume I: overview, governance and access
December	Consolidated draft decision: Aurizon Network’s 2014 draft access undertaking—Volume II: capacity and extensions
December	Consolidated draft decision: Aurizon Network’s 2014 draft access undertaking—Volume III: pricing and tariffs
December	Consolidated draft decision: Aurizon Network’s 2014 draft access undertaking—Volume IV: maximum allowable revenue
December	Consolidated draft decision: Aurizon Network’s 2014 draft access undertaking—Volume V: definitions, glossary and references
December	Consolidated draft decision: Aurizon Network’s 2014 draft access undertaking—QCA undertaking and schedules
December	Consolidated draft decision: Aurizon Network’s 2014 draft access undertaking—QCA standard access agreement
December	Consolidated draft decision: Aurizon Network’s 2014 draft access undertaking—QCA train operations deed
December	Consolidated draft decision: Aurizon Network’s 2014 draft access undertaking—QCA standard rail connection agreement
December	Consolidated draft decision: Aurizon Network’s 2014 draft access undertaking—QCA standard studies funding agreement
December	Media release: Aurizon Network’s 2014 draft access undertaking: consolidated draft decision
December	Stakeholder notice 13: Aurizon Network’s 2014 draft access undertaking: consolidated draft decision
December	Interim consultation paper: 2016–17 regulated retail electricity pricing
December	Media release: electricity prices for 2016–17
December	Stakeholder notice 12: Aurizon Network’s 2014 draft access undertaking: update to 2014 DAU assessment timetable
November	QCA response letter to Aurizon Network—2014–15 revenue cap
November	Notice of time periods: DBCT Management’s November 2015 ring-fencing draft amending access undertaking

Release date	Title
November	Notice of investigation: DBCT Management's November 2015 ring-fencing draft amending access undertaking
October	Electricity report: market and non-market customer statistics—June quarter 2015
October	Electricity report: market and non-market customer statistics—time series 30 June 2015
October	Report: small electricity customer disconnection, hardship and complaints statistics—June quarter 2015
October	Report: small gas customer disconnection, hardship and complaints statistics—June quarter 2015
October	Energy: revised enforcement guidelines
October	Notice of investigation: DBCT Management's 2015 draft access undertaking
October	Notice of time periods: DBCT Management's 2015 draft access undertaking
October	Notice of investigation: DBCT Management's ring-fencing draft amending access undertaking
October	Notice of time periods: DBCT Management's ring-fencing draft amending access undertaking
October	Draft decision: Queensland Rail 2015 draft access undertaking
October	Draft decision: Queensland Rail 2015 draft access undertaking—DAU
October	Draft decision: Queensland Rail 2015 draft access undertaking—standard access agreement
October	Draft decision: Queensland Rail 2015 draft access undertaking—operating requirements manual
October	Annual report 2014–15
September	Notice: DBCT Management initial undertaking notice—extension of period
September	Cover letter: DBCT Management initial undertaking notice—extension of period
September	Position paper: Aurizon Network's Northern Bowen Basin system rules
September	Letter to Aurizon Network: release position paper Northern Bowen Basin system rules
September	Stakeholder notice 11: Aurizon Network's 2014 draft access undertaking: further submissions on short-term capacity trading
August	Final report: industry assistance in Queensland—Volume I
August	Final report: industry assistance in Queensland—Volume II
August	Fact sheet: industry assistance in Queensland
August	Final decision: DBCT Management differential pricing draft amending access undertaking
July	Draft decision: Aurizon Network 2014 draft access undertaking: reference tariffs for Wiggins Island Rail Project train services
July	Notice of time periods—Wiggins Island Rail Project pricing
July	Letter to Aurizon Network—draft decision Wiggins Island Rail Project pricing

Reports to the Queensland Government

Not publicly available

Release date	Title
2016	
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>
2015	
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>

FINANCIAL STATEMENTS

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STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Income from Continuing Operations			
Fees	2	13,880,988	14,428,279
Government Grant	3	4,000,000	7,200,000
Other Income	4	789,700	433,614
Total Revenue		18,670,688	22,061,893
Gains/Losses			
Gain/(Loss) on sale of plant and equipment		555	-
Total Income from Continuing Operations		18,671,242	22,061,893
Expenses from Continuing Operations			
Members Expenses		402,286	704,463
Employee Expenses	5	7,765,260	10,654,414
Supplies and Services	7	8,236,513	7,264,562
Impairment Losses	8	754,272	-
Depreciation and Amortisation	14	402,486	397,309
Fee Expense	9	723,722	5,039,124
Other Expenses	10	42,069	40,834
Total Expenses from Continuing Operations		18,326,608	24,100,706
Operating Result from Continuing Operations		344,634	(2,038,812)
Other Comprehensive Income		-	-
Total Comprehensive Income		344,634	(2,038,812)

The accompanying notes form part of these financial statements

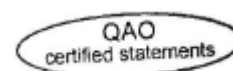


STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

	Notes	2016 \$	2015 \$
Current Assets			
Cash and Cash Equivalents	11	9,269,945	13,394,786
Receivables	12	5,054,391	5,380,049
Other	13	238,721	263,232
Total Current Assets		14,563,056	19,038,067
Non Current Assets			
Plant and Equipment	14	2,670,457	3,007,145
Total Non Current Assets		2,670,457	3,007,145
Total Assets		17,233,513	22,045,212
Current Liabilities			
Payables	15	1,067,787	5,905,998
Accrued Employee Benefits	16	780,873	796,230
Provision for restructure	17	228,484	-
Lease Incentive Liability	18	330,000	330,000
Total Current Liabilities		2,407,145	7,032,228
Non Current Liabilities			
Accrued Employee Benefits	16	405,264	606,514
Lease Incentive Liability	18	1,815,000	2,145,000
Total Non Current Liabilities		2,220,264	2,751,514
Total Liabilities		4,627,408	9,783,741
Net Assets		12,606,105	12,261,470
Equity			
Contributed Equity		1,559,000	1,559,000
Accumulated Surplus		11,047,105	10,702,470
Total Equity		12,606,105	12,261,470

The accompanying notes form part of these financial statements

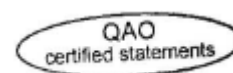


STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2016

	Accumulated Surplus		Contributed Equity	
	2016	2015	2016	2015
	\$	\$	\$	\$
Balance 1 July	10,702,470	12,741,283	1,559,000	1,559,000
Operating Result from Continuing Operations	344,634	(2,038,812)	-	-
Other Comprehensive Income	-	-	-	-
Balance 30 June	11,047,105	10,702,470	1,559,000	1,559,000

The accompanying notes form part of these financial statements



STATEMENT OF CASH FLOWS

for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Cash flows from operating activities			
<i>Inflows:</i>			
Government Grant		4,000,000	7,200,000
Fees		14,193,677	11,732,000
Interest		292,339	428,508
Other		447,595	5,300
GST collected		1,441,197	1,169,334
GST input tax credits from ATO		1,407,470	809,238
		21,782,278	21,344,380
<i>Outflows:</i>			
Members Expenses		(402,286)	(704,463)
Employee Expenses		(7,671,005)	(11,149,174)
Supplies and services		(14,900,276)	(7,075,429)
GST paid to Suppliers		(1,428,327)	(903,913)
GST remitted to ATO		(1,439,429)	(1,101,623)
		(25,841,322)	(20,934,601)
Net cash provided by / (used in) operating activities		(4,059,044)	409,779
Cash flows from investing activities			
<i>Inflows:</i>			
Proceeds from disposal of Plant and Equipment		-	-
<i>Outflows:</i>			
Payments for Plant and Equipment		(65,797)	(20,654)
Net cash provided by / (used in) investing activities		(65,797)	(20,654)
Net increase/(decrease) in cash and cash equivalents		(4,124,841)	389,125
Cash and cash equivalents at beginning of financial year		13,394,784	13,005,659
Cash and cash equivalents at end of financial year	11	9,269,943	13,394,784

The accompanying notes form part of these financial statements



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

Note 1

Basis of financial statement preparation

a) General information

These financial statements cover the Queensland Competition Authority (QCA). The QCA is a statutory body established under the *Queensland Competition Authority Act 1997* (QCA Act).

b) Compliance with prescribed requirements

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 (with the exception of the statement of cash flows which is prepared on a cash basis) in accordance with Australian Accounting Standards—Reduced Disclosure Requirements (RDR) and Interpretations. The QCA is a not-for-profit entity and the financial statements comply with the requirements of Australian Accounting Standards—RDR and Interpretations applicable to not-for-profit entities.

c) The reporting entity

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

d) Underlying measurement basis

The historical cost convention is used unless otherwise stated.

e) Other presentation matters

Currency and rounding

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

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

Comparatives

Comparative information reflects the audited 2014–15 financial statements. Comparative information is restated where necessary to be consistent with disclosures in the current reporting period. There have been no material restatements during the year.

Current/non-current classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes. Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or when the QCA does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

f) New and revised Accounting Standards (including early adoption)

The QCA did not voluntarily change any of its accounting policies during 2015–16.

There were no Australian Accounting Standard changes mandatorily applicable for the first time as from 2015–16 that had a significant impact on the QCA's financial statements.

AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049] has been early adopted by the QCA for 2015–16.

This Standard amends the above Standards and seeks to improve financial reporting by providing flexibility as to the ordering of notes, the identification and location of significant accounting policies, the presentation of sub-totals and clarity on aggregating line items. It also emphasises only including material disclosures in the notes. The QCA has applied flexibility in preparing the 2015–16 financial statements and co-located significant accounting policies with the breakdown of financial information disclosed in each note.



A summary of other Accounting Standards that have been amended but not yet applicable and may impact on the QCA in future financial years are detailed below. The QCA is yet to assess the implications of the changes in this standard, however it does not anticipate a significant change to the operations of the QCA.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

This standard introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- Recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets)
- Depreciation of right-to-use assets in line with AASB 116: Property, Plant and equipment in profit of loss and unwinding of the liability in principal and interest components
- Additional disclosure requirements.

g) Authorisation of financial statements for issue

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

Note 2

Fees	2016	2015
	\$	\$
Fees	13,880,988	14,428,279
Total	13,880,988	14,428,279

Accounting policy

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 QCA 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.

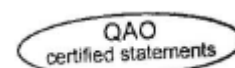
Any cost of providing the regulated services in excess of the regulated fee income received in a year is disclosed in the Statement of Financial Position as a receivable and is recognised as revenue in the Statement of Comprehensive Income. All amounts receivable are invoiced in the subsequent financial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

Note 3

Government Grant	2016	2015
	\$	\$
Grant	4,000,000	7,200,000
Total	4,000,000	7,200,000

Accounting policy

The Government grant is non-reciprocal in nature and is recognised when received or when an entitlement is established.



Note 4

Other Income	2016	2015
	\$	\$
Interest	296,026	428,315
Sub-lease rent income	371,759	-
Other	121,915	5,300
Total	789,700	433,614

Accounting policy

Sub-lease rent income is derived from leasing floor space to the Queensland Productivity Commission and is classed as revenue and does not offset rent expense. The sub-lease has a term of 15 months with the option to renew for a period of three years plus two years. Rent is received monthly in arrears with an annual increase of 4.25%.

Lease income is recognised when the right to receive the revenue has been established.

Note 5

Employee Expenses	2016	2015
	\$	\$
Employee Benefits		
Salaries	5,831,902	7,550,854
Annual Leave	389,418	463,047
Sick Leave	93,189	179,193
Employer Superannuation Contributions	623,187	806,312
Termination Benefits	101,133	594,173
Long Service Leave Central Scheme Levy	139,993	187,316
Employee Related Expenses		
Payroll tax	356,123	491,783
Staff Training Costs	155,441	139,306
Staff Recruitment Costs	12,089	112,702
Other Staff Expenses	48,320	102,878
Workers Compensation Premium	14,464	26,851
Total	7,765,260	10,654,414

The number of employees including both full time employees and part time employees measured on a full time equivalent basis at the end of each year is:

45.2 57.6

Accounting policy**Salaries and sick leave**

Salaries due but unpaid at the reporting date are recognised in the Statement of Financial Position at the current salary rates.

As the QCA expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

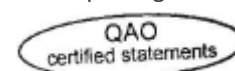
As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual and long-service leave

Annual leave liabilities are accounted for as short term employee benefits if the QCA expects to wholly settle all such liabilities within the 12 months following reporting date. Otherwise annual leave liabilities are accounted for as 'other long-term employee benefits' in accordance with AASB 119, and split between current and non-current components.

All directly associated on-costs (for example employer superannuation contributions, payroll tax and worker's compensation insurance) are also recognised as liabilities.

The QCA 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 QCA 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.



Staff Retention Scheme

Included in the accrued employee benefits is the amount payable to staff under the QCA's staff retention scheme. Eligible staff are entitled to a payment following continuous service to the QCA after three and after six years. The amount recognised is measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate estimates of future salaries, duration of current service and probability of employee turnover and are discounted at rates at the end of the reporting period on government bond rates. Upon measurement of obligation under the staff retention scheme, the net obligation is recognised in profit or loss as part of employee benefits expense.

Superannuation

Employees of the QCA 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.

Other employee-related expenses

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

The QCA pays insurance premiums to WorkCover Queensland in respect of its obligations for employee compensation.

Note 6

Key Executive Management Personnel and Remuneration Expenses

The key executive management personnel that had authority and responsibility for planning, directing and controlling the activities of the QCA during 2015–16 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	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 (8 April 2016)
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 (8 April 2016)
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	9 April 2016
Member	Members are collectively responsible for the Authority's duties and responsibilities, in accordance with the QCA Act.	Governor in Council/QCA Act 1997	9 April 2016
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 and detailed in an employment contract.



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

No termination payments were made during the year for key executive management personnel.

1 July 2015 – 30 June 2016

Position	Short-term Benefits		Long-term Employee Benefits	Post-employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	\$	\$	\$	\$	\$	\$
Chairman	136,517	–	–	12,969	–	149,486
Deputy Chairman	76,662	–	–	7,283	–	83,945
Member	68,994	–	–	6,554	–	75,548
Deputy Chairman	14,439	–	–	1,372	–	15,811
Member	14,439	–	–	1,372	–	15,811
Chief Executive	411,749	–	8,647	19,748	–	440,144
Total Remuneration	722,800	–	8,647	49,298	–	780,745

1 July 2014 – 30 June 2015

Position	Short-term Benefits		Long-term Employee Benefits	Post-employment Benefits	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

Performance payments

Remuneration for the Chief Executive in 2015–16 included a performance payment of 10% of base salary. Eligibility for such a performance payment is at the Members' discretion.

The payment is subject to Members agreeing and setting relevant key performance indicators (KPIs) for the Chief Executive and the Chief Executive achieving these KPIs.

Position	Summary of Basis for Entitlement and Assessment Process	Expensed in 2015–16		Expensed in 2014–15	
		Date Paid	Amount	Date Paid	Amount
Chief Executive	Meeting pre-determined KPI's set by Members	4 September 2015	35,000		–
Total			35,000		–

Conditional entitlement to performance payments

As at the date of management certification of these financial statements, the eligibility to a performance payment for the Chief Executive in respect of 2015–16 had not yet been determined. The basis of entitlement and assessment process is set out above. Any performance payment approved will be reported as an expense within 2016–17.



Note 7

Supplies and Services	2016	2015
	\$	\$
Specialist Services	5,946,274	5,074,499
Occupancy Costs (including operating lease rentals)	1,674,016	1,598,632
Information Technology Costs	293,627	231,363
Travel and Accommodation Costs	17,018	31,478
Bank Fees and Charges	14,538	17,546
General Administration Costs	154,285	134,999
Other	136,756	176,045
Total	8,236,513	7,264,562

Note 8

Impairment Losses	2016	2015
	\$	\$
Impairment losses on other receivables	754,272	-
Total	754,272	-

Accounting Policy

All assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the QCA 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 and recognised immediately in the Statement of Comprehensive Income.

During the year, the QCA reviewed the reasonableness of some fees due to be received in 2015–16. Following this review, Members decided to impair a receivable in respect of services provided to Queensland Rail in 2014–15. This was an extraordinary circumstance which the QCA does not expect to reoccur in the future.

The amount remaining outstanding is included as part of Other Receivables as shown in note 12.

Note 9

Fee Expense	2016	2015
	\$	\$
Fee Expense*	723,722	5,039,124
Total	723,722	5,039,124

*Fee Expense represents regulated fees received in excess of reasonable costs that will be repaid in the next financial year.

Note 10

Other Expenses	2016	2015
	\$	\$
External Audit Fees*	23,835	22,105
Insurance Premiums	18,234	18,729
Total	42,069	40,834

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



Note 11

Cash and Cash Equivalents	2016	2015
	\$	\$
Cash at Bank	1,597,792	380,900
Cash on Hand	500	500
Cash in QTC Cash Fund	7,671,652	13,013,386
Total	9,269,945	13,394,786

Accounting policy

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 QCA does not have any borrowing or overdraft facilities.

Note 12

Receivables	2016	2015
	\$	\$
Trade Debtors	46,079	–
Other Receivables	635,758	167,376
Accrued Income*	4,261,212	5,120,419
Sub Total	4,943,048	5,287,795
GST Receivable	115,531	94,675
GST Payable	(4,189)	(2,421)
Sub Total	111,342	92,254
Total Receivables	5,054,391	5,380,049

Accounting policy

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.

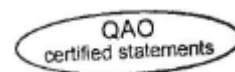
*Accrued Income represents reasonable costs in excess of regulatory fees received that will be invoiced in the next financial year.

Note 13

Other	2016	2015
	\$	\$
Prepayments	238,721	263,232
Total	238,721	263,232

Note 14

Plant and Equipment and Depreciation Expense	2016	2015
	\$	\$
Plant and Equipment: At Cost	3,907,883	3,985,679
Less: Accumulated Depreciation	(1,237,427)	(978,534)
Total	2,670,457	3,007,145
Depreciation Expense	402,486	397,309
Total	402,486	397,309



(i) Accounting policy

The Queensland Government's policy, titled Non-Current Asset Policies for the Queensland Public Sector, establishes prescribed asset measurement methods and recognition thresholds. In accordance with this policy, the assets of the QCA 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 expense

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 QCA. Fixtures and fittings are depreciated over the lesser of the unexpired period of the QCA's building lease and the estimated useful life, while other plant and equipment is depreciated over the estimated useful life.

The estimation of the useful lives of assets is based on historical experience with similar assets and asset turnover practices of the QCA. Reassessments of useful life estimates are implemented prospectively.

Impairment

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the QCA 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 and recognised immediately in the Statement of Comprehensive Income.

(ii) Additional disclosure—depreciation

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%

Note 15

Payables	2016 \$	2015 \$
Accrued Expenses	65,976	541,579
Trade Creditors	255,089	303,190
Audit Fees Payable	23,000	22,105
Accrued Expenses*	723,722	5,039,124
Total	1,067,787	5,905,998

*Accrued Expenses represents reasonable costs less than the regulatory fees received that will be repaid in the next financial year.

Accounting policy

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.



Note 16

Accrued Employee Benefits	2016	2015
	\$	\$
Current		
Employee Benefits	687,586	735,862
Salaries Payable	93,288	60,368
Total	780,873	796,230
Non-Current		
Employee Benefits	405,264	606,514
Total	405,264	606,514

Accounting policies for employee benefit liabilities are disclosed in note 5.

Note 17

Provision	2016	2015
	\$	\$
Current		
Provision for restructure	228,484	-
Total	228,484	-

Accounting policy

Provision for restructure is costs of corporate restructure and covers redundancies and other associated costs.

Provisions are recognised when the QCA has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period.

Note 18

Other Liabilities	2016	2015
	\$	\$
Current		
Lease Incentive	330,000	330,000
Total	330,000	330,000
Non-Current		
Lease Incentive	1,815,000	2,145,000
Total	1,815,000	2,145,000

Accounting policy

Lease incentives represent fixtures and fittings provided under the lease of the QCA's office premises. Lease incentives are offset against rent paid over the term of the lease.

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

Note 19**Financial instruments****Recognition**

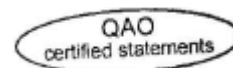
Financial assets and financial liabilities are recognised in the Statement of Financial Position when the QCA becomes a party to the contractual provisions of the instrument.

Classification

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

Note 20

Operating Lease Commitments

	2016	2015
	\$	\$
Future operating lease rentals not provided for in the financial statements are payable as follows:		
Not later than one year (inclusive of GST)	2,121,996	2,041,181
Later than one year but not later than five years (inclusive of GST)	9,435,706	9,051,311
Later than five years (inclusive of GST)	3,957,744	6,464,135
Total commitments	15,515,446	17,556,627

The offices occupied by the QCA are subject to an operating lease which expires on 31 December 2022.

Accounting policy

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

The QCA does not have any finance leases.

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 QCA default on its lease commitments.

Note 21

Other information

Taxation

The activities of the QCA 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.

Key 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:

Impairment—note 8

Depreciation—note 14

Accrued Expenses—note 15

Accrued Employee Benefits—note 16



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

These general purpose financial statements have been prepared pursuant to s.62(1)(a) of the *Financial Accountability Act 2009* (the Act), s. 43 of the Financial and Performance Management Standard 2009, and other prescribed requirements. In accordance with s. 62(1)(b) of the Act we certify that in our opinion:

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) the 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 2016 and of the financial position of the Authority as 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.

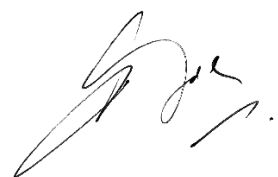


Chair

R Green

BA LLB (Adelaide) PhD (Cambridge)

16 August 2016



Chief Executive Officer

JB Hindmarsh

MBA GAICD

16 August 2016

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 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including 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 of 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 2015 to 30 June 2016 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.



P CHRISTENSEN FCPA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

GLOSSARY

Term	Definition
ACCC	Australian Competition and Consumer Commission
AEMC	Australian Energy Market Commission
CQCN	central Queensland coal network
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DAAU	draft amending access undertaking
DAU	draft access undertaking
DBCT	Dalrymple Bay Coal Terminal
GAP	Goonyella to Abbot Point
IPART	Independent Pricing and Regulatory Tribunal
MAR	maximum allowable revenue
NECAP	non-expansion capital expenditure
NECF	National Energy Customer Framework
notified prices	regulated retail electricity prices
OECD	Organisation for Economic Cooperation and Development
QCA	Queensland Competition Authority
QCA Act	<i>Queensland Competition Authority Act 1997</i>
QIMR	Queensland Institute of Medical Research
QPC	Queensland Productivity Commission
QRC	Queensland Resources Council
RAB	regulatory asset base
SUFA	standard user funding agreement
UT3	Aurizon Network's 2010 access undertaking
UT4	Aurizon Network's 2014 DAU
UT5	Aurizon Network's replacement undertaking for the regulatory period commencing 1 July 2017
WACC	weighted average cost of capital
WICET	Wiggins Island coal export terminal
WIRP	Wiggins Island rail project

A P P E N D I C E S

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: 1196347

15 September 2016

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

Dear Treasurer

Queensland Competition Authority annual report 2015–16

I am pleased to submit for presentation to the Parliament the annual report 2015–16 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 Standard 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 page 47 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	46
Accessibility	<ul style="list-style-type: none"> Table of contents 	ARRs – section 10.1	iii
	<ul style="list-style-type: none"> Glossary 		44
	<ul style="list-style-type: none"> Public availability 	ARRs – section 10.2	49
	<ul style="list-style-type: none"> Interpreter service statement 	Queensland Government Language Services Policy ARRs – section 10.3	49
	<ul style="list-style-type: none"> Copyright notice 	Copyright Act 1968 ARRs – section 10.4	ii
	<ul style="list-style-type: none"> Information Licensing 	QGEA – Information Licensing 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, 10–18
	<ul style="list-style-type: none"> Operating environment 	ARRs – section 11.3	16–18
Non-financial performance	<ul style="list-style-type: none"> Government's objectives for the community 	ARRs – section 12.1	7–8, 16–18
	<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, 10–18
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs – section 12.4	10–18, 19–24
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 13.1	16, 27–42
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"> Public Sector Ethics Act 1994 	Public Sector Ethics Act 1994 ARRs – section 14.4	16
	<ul style="list-style-type: none"> Queensland public service values 	ARRs – section 14.5	7–8
Governance – risk management and accountability	<ul style="list-style-type: none"> Risk management 	ARRs – section 15.1	16
	<ul style="list-style-type: none"> Audit committee 	ARRs – section 15.2	N/A
	<ul style="list-style-type: none"> Internal audit 	ARRs – section 15.3	N/A
	<ul style="list-style-type: none"> External scrutiny 	ARRs – section 15.4	N/A

Summary of requirement		Basis for requirement	Annual report reference
	<ul style="list-style-type: none"> • Information systems and recordkeeping 	ARRs – section 15.5	16
Governance – human resources	<ul style="list-style-type: none"> • Workforce planning and performance 	ARRs – section 16.1	17–18
	<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	17
Open Data	<ul style="list-style-type: none"> • Consultancies 	ARRs – section 17 ARRs – section 34.1	49
	<ul style="list-style-type: none"> • Overseas travel 	ARRs – section 17 ARRs – section 34.2	49
	<ul style="list-style-type: none"> • Queensland Language Services Policy 	ARRs – section 17 ARRs – section 34.3	N/A
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	41
	<ul style="list-style-type: none"> • Independent Auditor’s Report 	FAA – section 62 FPMS – section 50 ARRs – section 18.2	42

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

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email annualreport@qca.org.au
mail Executive Support Officer
Queensland Competition Authority
GPO Box 2257
Brisbane Qld 4001
tel (07) 3222 0555
fax (07) 3222 0599

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