



Queensland
Competition
Authority

2017–18

**ANNUAL
REPORT**

2017–18

ANNUAL REPORT

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HIGHLIGHTS

The body of work we completed this year included:

- a final determination of regulated retail electricity prices (notified prices) for 2018–19 in regional Queensland (page 12)
- a draft decision on the 2017 draft access undertaking submitted by Aurizon Network (page 14)
- a final decision on the Seqwater bulk water price review for 2018–21 (page 12)
- the first annual monitoring report for the south east Queensland electricity market (page 17).

ABOUT THE QCA

The Queensland Competition Authority (QCA) is an independent statutory body, 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 that requires 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 that 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 Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships). 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 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.

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* (the Electricity Act)
- enforcing customer protections under the Electricity Distribution Network Code and the Gas Distribution Network Code

Industry

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

OUR BOARD

Our board comprises three members, who are appointed by the Governor in Council, in accordance with the QCA Act. In appointing members, regard is given to 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 (JUNE 2018–DECEMBER 2018)/ DEPUTY CHAIR PROFESSOR FLAVIO MENEZES



Appointment as Chair: June –December 2018

Appointment: April 2016—April 2019

Flavio Menezes is a Professor of Economics at The University of Queensland. He is an elected member of UQ's Academic Board and of its Standing Committee. He is the past President of the Economic Society of Australia (Queensland), Chair of the ERA 2018 economics and commerce research evaluation committee, 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 75 journal articles on the economics of auctions, competition and regulatory economics, industrial organisation and market design.

Professor Menezes has extensive consulting experience. His experience in Australia includes advising the Federal Government, AEMC, ACCC, IPART, QCA, the ACT and Victorian Governments on market design issues in regulatory environments. It also includes providing economic advice to various private and public organisations on mergers, competition and regulatory issues in defence, fisheries, gambling, energy, banking, health, transport, water and telecommunications.

DEPUTY CHAIR (JUNE 2018–DECEMBER 2018)/ MEMBER MADELINE BRENNAN QC



Appointment as Deputy Chair: June–December 2018

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 Queensland Institute of Medical Research.

MEMBER DR WARREN MUNDY



Appointment: June 2018–June 2021

Warren Mundy is the Managing Director of Bluestone Consulting, which has been providing advice to investors, regulators, providers, and users of a wide range of infrastructure services since 2003.

He was a Commissioner at the Australian Productivity Commission from 2009 to 2015 and also served as the Australian Competitive Neutrality Commissioner. He has held executive roles in airport companies in Australia and Europe.

At Airservices Australia, he served on the board for more than five years from 2008, over four of which he was the Deputy Chair. He was also a member of the Steering Committee for the joint NSW–

Commonwealth Governments' Sydney Aviation Strategy and continued to advise the Australian Government on Sydney's second airport until the creation of the company to build the airport. Other roles were as a director of Vicforests, the Western Community Legal Services, James Watt College for Higher and Further Education, and the United Kingdom Airports Operators Association.

He is currently a director of the Sydney Desalination Plant, Transgrid, the Energy Industries Superannuation Scheme, and the National Health Co-operative.

PREVIOUS MEMBERS

PROFESSOR ROY GREEN

Professor Roy Green's appointment finished on 4 June 2018.

SENIOR STAFF

CHIEF EXECUTIVE OFFICER

CHARLES MILLSTEED



Charles Millstead rejoined the QCA in 2010.

He commenced as CEO in September 2016 after various roles in senior management, including during a period of significant change for the QCA.

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

DIRECTOR—BUSINESS PERFORMANCE

GEORGE PASSMORE



George has nearly 20 years' experience in economic regulation.

As Director of Business Performance, his role involves managing the monitoring and implementation of regulation across all firms regulated by the QCA. Prior to this role, George was extensively involved in the economic oversight of water and local government sectors, as well as rail access regulation in the QCA.

George started his career with the Bureau of Agricultural Economics before moving to Queensland and working on sugar industry policy, water sector policy and Queensland's first review of irrigation water price paths.

George joined the QCA in 2000.

DIRECTOR—PEER REVIEW

WILLIAM COPEMAN



William Copeman joined the QCA in 2010.

William's diverse experience encompasses roles at Queensland Treasury, Queensland Treasury Corporation and Deloitte Economics.

As Director of Peer Review, his role is to provide assurance of the diverse technical analysis undertaken for the QCA. He has delivered economic regulation, analysis and policy development in both the public and private sector. In particular, William has worked extensively in the Queensland water industry.

DIRECTOR—CORPORATE SERVICES

RAY RAPINETTE



Ray Rapinette joined the QCA in 2016.

Ray brings with him many years of experience in senior and executive roles in banking, local government and Queensland statutory bodies.

As Director of Corporate Services, his role is diverse in managing the provision of a range of corporate services, including governance, financial management, information technology, human resources and corporate administration.

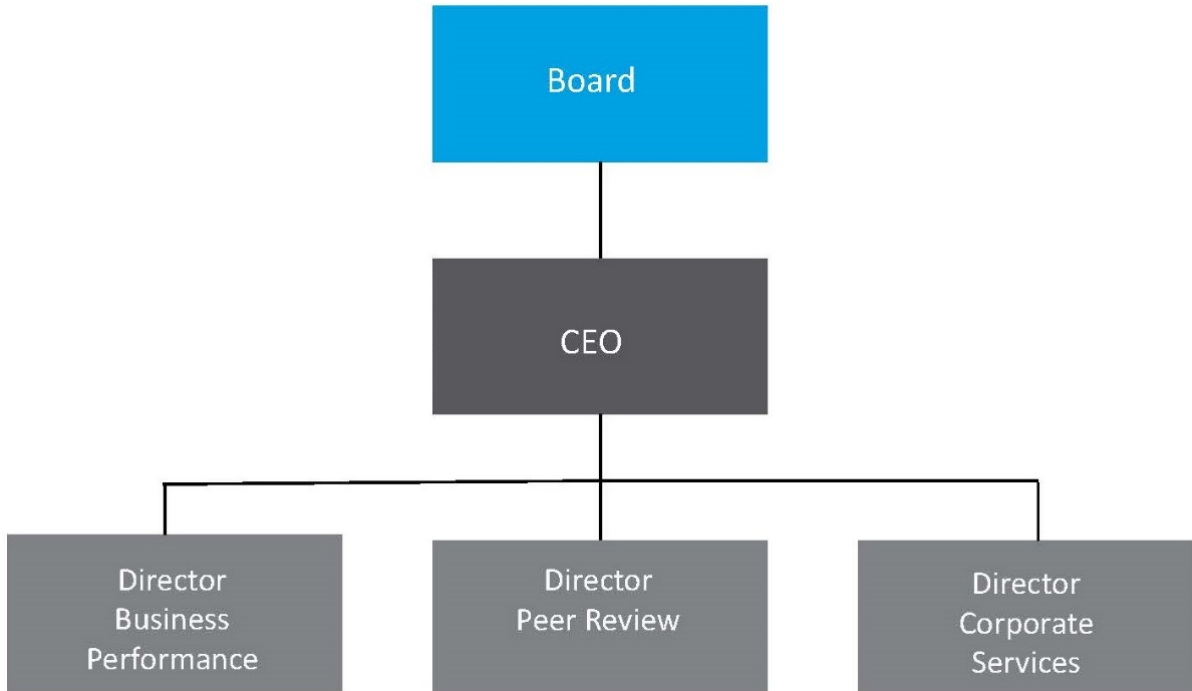
Ray's previous roles included developing strategic frameworks, corporate and operational planning, cultural change and leading and managing multi-disciplinary teams to deliver major capital projects.

PREVIOUS DIRECTOR

CATHERINE BARKER

Catherine Barker resigned in May 2018.

Organisational chart as at 30 June 2018



Government bodies 2017–18

Name of Government body: Queensland Competition Authority Board					
Act or instrument	Queensland Competition Authority Act 1997				
Functions	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. We achieve this through investigating and monitoring pricing practices of certain monopoly businesses and regulating third party access to essential infrastructure such as railways and port channels.				
Achievements	Refer to pages 12–30 of this annual report.				
Financial reporting	Financial transactions of the QCA are accounted for annually in the audited Financial Statements				
Remuneration					
Position	Name	Meetings/sessions attendance	Approved annual, sessional or daily fee	Approved sub-committee fees if applicable	Actual fees received
Chair (up to 4 June 2018)	Professor Roy Green	36	\$150,000 p.a.	0	\$141,437
Chair (from 5 June 2018)	Professor Flavio Menezes	2		0	\$8,049
Deputy Chair (up to 4 June 2018)	Professor Flavio Menezes	44	\$75,000 p.a.	0	\$71,869
Deputy Chair (from 5 June 2018)	Madeline Brennan QC	2		0	\$4,025
Member (up to 4 June 2018)	Madeline Brennan QC	44	\$75,000 p.a.	0	\$70,719
Member (from 5 June 2018)	Dr Warren Mundy	2		0	\$4,025
No. scheduled meetings/sessions	46				
Total out of pocket expenses	\$356,673				

CHAIR'S INTRODUCTION

The QCA had a challenging and productive year of work in 2017–18, some of which sets the stage for significant decisions in 2018–19 and 2019–20.

In electricity, we determined the regulated retail electricity prices for regional Queensland for 2018–19. We also set the solar feed-in tariff for 2018–19 for regional Queensland and published our first annual and quarterly electricity market monitoring reports for south east Queensland.

In water, we completed our review of the bulk water prices for Seqwater for 2018–21. We recommended two pricing options, both of which would result in Seqwater fully repaying its price-path debt by 2028. On 6 June 2018, the Queensland Government announced that it had accepted our recommendations and that it had chosen the option to smooth price increases for all council areas over the period 2018–21.

On 15 December 2017, we released our draft decision refusing to approve Aurizon Network's 2017 draft access undertaking (DAU) (UT5). This generated substantial media interest, mainly focused on Aurizon Network's response and the subsequent responses from its stakeholders. On 30 April 2018, Aurizon Network applied for a judicial review of our draft decision. At the time of this report, this matter is still before the Supreme Court of Queensland.

This year, we commenced our review of the three services that are declared for third party access under Part 5 of the QCA Act. These services are:

- the use of a coal system for providing transportation by rail, which includes rail transport infrastructure that is part of Aurizon Network's Blackwater, Goonyella, Moura and Newlands systems
- the use of rail transport infrastructure for providing transportation by rail, where the railway manager is Queensland Rail
- the handling of coal at the Dalrymple Bay Coal Terminal by the terminal operator.

This is the first time we are reviewing these declarations. We are required to provide our recommendations to the Treasurer by 8 March 2020, six months before the current declarations expire, which is on 8 September 2020.

The regulatory processes for the next access undertakings for Queensland Rail and the Dalrymple Bay Coal Terminal commenced in 2017–18, with the issuance of initial undertaking notices to both entities. By issuing these notices now, we anticipate that the new access undertakings will be in place when the current undertakings expire—that is, 30 June 2020 for Queensland Rail and 30 June 2021 for DBCT (although the termination date for the current DBCT access undertaking will depend on the declaration made by the Treasurer).

Alongside these projects, we continued to progress a range of economic regulatory work under the agreed access conditions. We also progressed projects and monitored compliance in relation to energy.

I would like to thank QCA staff for their dedication and hard work in 2017–18, and my fellow Board members, Madeline Brennan QC and Dr Warren Mundy, for their expertise and support. Dr Mundy joined the Board in June 2018 and brings significant expertise and experience to the QCA. Finally, I would like to thank my predecessor, Professor Roy Green, for his collegiate, considered leadership during his tenure as Chair of the QCA, and wish him all the best in his future endeavours.

CHAIR

P R O F E S S O R F L A V I O M E N E Z E S

CEO'S MESSAGE

It is time again to reflect on our work and achievements over the last year. Along with work to improve and measure the QCA's performance, we have devoted considerable time and effort to staff recruitment and development, and to enhancing the values-driven culture that has become such a strong feature of how we work for the benefit of all Queenslanders.

A key feature of our work is assessing the performance of regulated businesses, so it is only appropriate that the QCA's performance is transparently assessed. To that end, we collaborated with Queensland Treasury to develop a performance framework for the QCA, the aim of which is to provide transparency and accountability to all stakeholders. The framework is based on four key themes: 1) efficiency and prudence of QCA costs and regulatory fees; 2) timely and transparent processes; 3) effective and efficient regulatory outcomes; and 4) effective stakeholder engagement. Key performance indicators for each theme will be monitored and the results will be reported in our annual report, starting from 2018–19. We will also gauge the views of our stakeholders through a survey every two years. The results will be published and recommendations for improving our performance will be considered for implementation.

A significant focus for the leadership team during 2017–18 has been to continue to enhance our values and team-based culture. The QCA's values (trust, respect, achievement, integrity and teamwork) guide our day-to-day interactions with each other and our stakeholders. It was pleasing to see that everyone at the QCA has a strong commitment to our values, evident at a series of all-staff workshops designed to strengthen teamwork and reinforce our commitment to our values.

Like most organisations, the QCA faces the ongoing challenge of staff turnover. Fortunately, we had a successful year of recruitment in 2017–18, welcoming nine new staff members to the QCA team. We once again recruited two strong graduates and also engaged three student interns (economics and law) who provided valuable assistance to the QCA while developing their professional and technical skills to complement their university studies.

The professional and personal development of our staff plays an important role in our organisation. A particular focus for 2017–18 was our mentoring program. The aim of this program is to enhance professional development, by increasing reflection on performance and career goals. The mentoring program is key to encouraging a culture of support and guidance.

We continue to be committed to the highest standards of corporate governance. This year we updated and created a number of policies. Most notably, we replaced the Natural Justice Manual with the Guide to Decision-making manual and the Disaster Management and Recovery manual was replaced with the QCA Business Continuity Plan. We updated the Risk Management policy and the Public Interest Disclosure policy, as well as the Banned Share list and the Delegation policy.

The QCA is in a good financial position. We reported a surplus of \$1.4 million for this financial year. Our total revenue was lower than budgeted by \$0.6 million. However, our expenditure amounted to \$13.6 million, significantly lower than the budget of \$17.4 million.

I would like to thank all staff for their commitment and professionalism during another challenging year. I would also like to thank our Board members for their continued support and guidance over the past 12 months, and to say a special thank you to outgoing Chair, Professor Roy Green, for the strong support and guidance he provided to the organisation during a period of considerable change.

CHIEF EXECUTIVE OFFICER

C H A R L E S M I L L S T E E D

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 2018–19

On 22 December 2017, the QCA received a delegation from the Minister for Natural Resources, Mines and Energy to determine regulated retail electricity prices (notified prices) for 2018–19.

On the same day, the QCA released an interim consultation paper to commence the stakeholder consultation process. Submissions on this paper were due by 16 January 2018, and 16 submissions were received.

On 28 February 2018, the QCA released its draft determination on 2018–19 notified prices.

After that, QCA staff conducted a series of stakeholder workshops across Queensland. A webinar was also held in conjunction with the Chamber of Commerce and Industry Queensland. Submissions on the draft determination were due on 9 April 2018, and 12 submissions were received.

On 26 April 2018, the Minister issued the QCA with a revised delegation for the determination of 2018–19 notified prices. The revised delegation removed metering charges for small customers from the notified prices to be determined by the QCA, but was substantively the same as the original delegation in other respects. The revised delegation also indicated that the consultation undertaken to that point by the QCA (including the consultation paper, draft determination and workshops) remained relevant for determining notified prices for 2018–19.

On 31 May 2018, the QCA released its final determination on 2018–19 notified prices. The final determination incorporated tariff impacts that differed from those forecast in the draft determination, but still included decreases for most tariffs and tariff combinations. A typical residential customers (tariff 11) will pay 1.3 per cent less for their electricity usage and service fee (compared to 2017–18) and a typical small business customers will pay 3.4 per cent less.

The tariff decreases from 2017–18 to 2018–19 were mainly caused by a decline in network costs, with wholesale energy costs also declining (but by smaller amounts). However, the network and energy cost declines were largely offset by higher costs associated with the Commonwealth's renewable energy target.

SEQWATER BULK WATER PRICES 2018–21

In May 2017, the Queensland Government asked the QCA to recommend bulk water prices for customers in south east Queensland (SEQ) for the period 1 July 2018 to 30 June 2021.

We conducted the review under a referral issued by the government under section 23 of the QCA Act. We were asked to recommend (fully volumetric) prices that provide Seqwater with sufficient revenue to recover the prudent and efficient costs of providing bulk water supply services and repay 'price path debt' by 2028. Price path debt refers to the accumulated under-recovery of costs (of supplying bulk water) as a result of a decision to phase in price increases. The increases are necessary so that significant investments in bulk water infrastructure, made in 2008, can be recovered.

After considering initial submissions from interested parties, publishing a draft report and considering submissions on the draft report, we submitted our final report to the Queensland Government on 28 March 2018 and published the report on 9 April 2018.

In our final report, we recommended reducing Seqwater's proposed operating expenditure (by 5 per cent) and capital expenditure (by 20 per cent) and accepting the revised rate of return that Seqwater proposed to earn on its investments (6.3 per cent in 2018–19).

We recommended two pricing options (as requested by the government), both of which would result in Seqwater fully repaying price path debt by 2028. Price path debt is expected to peak at \$2.5 billion in 2018–19 and fall in each subsequent year until it is fully repaid in 2028.

Under pricing option 1, a common price (for all council areas except Redland City, Sunshine Coast and Noosa) would be reset in 2018–19, followed by

annual increases by inflation. We recommended a common price of \$2.962 per kilolitre in 2018–19, which would be an increase of 5.2 per cent over the 2017–18 common price.

Under pricing option 2, price increases would be smoothed for all council areas (including Redland City, Sunshine Coast and Noosa) over the period 2018–21. We recommended a common price of \$2.915 per kilolitre in 2018–19, which would be an increase of 3.5 per cent over the 2017–18 common price. The common price would increase uniformly by 3.5 per cent in 2019–20 and 2020–21.

On 6 June 2018, the government announced that it had accepted the QCA's recommendations. It chose to implement pricing option 2, with the new prices coming into effect from 1 July 2018.

DECLARATION REVIEWS

The Queensland third party access regime is contained in Part 5 of the QCA Act. Currently, three services are declared for third party access:

- the use of a coal system for providing transportation by rail. The relevant 'coal system' is defined to include rail transport infrastructure that is part of the Blackwater, Goonyella, Moura and Newlands systems
- the use of rail transport infrastructure for providing transportation by rail, where the railway manager is Queensland Rail, or its successor, assign or subsidiary
- the handling of coal at Dalrymple Bay Coal Terminal by the terminal operator.

The existing declarations expire on 8 September 2020.

On 4 April 2018, we commenced the review and sought stakeholder submissions. Initial submissions were received by 30 May 2018, with stakeholders given further time to provide additional comments in response to matters raised during the initial submissions periods.

The QCA is preparing its draft recommendations for stakeholder comments.

We are required to provide our recommendations to the Treasurer by 8 March 2020.

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.

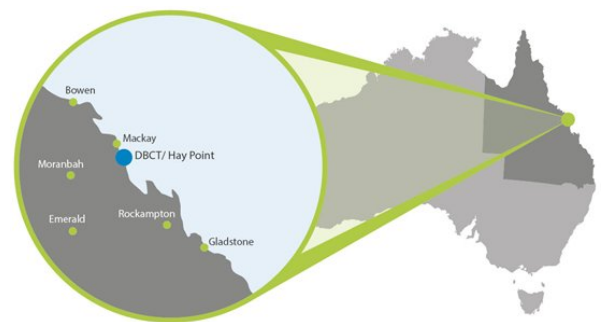
Queensland Rail's network is subject to the access regime established by Part 5 of the QCA Act, which provides for developing an access undertaking to guide how the access regime should operate.

On 14 September 2017, we issued Queensland Rail with an initial undertaking notice under section 133 of the QCA Act, requiring it to submit a draft access undertaking (the 2020 DAU) by 30 April 2018, but we twice granted extensions, making the lodgement date 14 August 2018.

We believe this should provide sufficient time to have an appropriate replacement undertaking approved when the 2016 access undertaking terminates in June 2020.

DBCT

The Dalrymple Bay Coal Terminal (DBCT) is a coal export terminal located in central Queensland, approximately 40 kilometres south of Mackay. DBCT is the only port facility that has been declared under Part 5 of the QCA Act.



While the Queensland Government owns DBCT, the terminal is leased to DBCT Management, which is a subsidiary of Brookfield Infrastructure Partners (a global owner and operator of infrastructure assets). DBCT Management has a 50-year lease over the terminal from 2001, with an option to extend the lease for a further 49 years.

The day-to-day operational management of the terminal is subcontracted by DBCTM to DBCT Pty Ltd (DBCT PL). DBCT PL is an independent service provider owned by a majority of the existing users of the terminal. DBCT Management provides access to the terminal under the terms and conditions set out in its 2017 access undertaking, which we approved in February 2017.

DBCTM's upcoming draft access undertaking

The DBCT 2017 access undertaking expires the earliest of:

- 1 July 2021, or

- the date the handling of coal at the terminal ceases to be a declared service.

On 12 October 2017, the QCA issued DBCT Management with an initial undertaking notice under section 133(1)(b) of the QCA Act, requiring it to submit to the QCA by 1 July 2019 a draft access undertaking for the services declared under section 250(1)(c) of the QCA Act.

The QCA considers this should provide sufficient time to have an appropriate replacement undertaking approved when the 2017 access undertaking terminates.

AURIZON NETWORK

Aurizon operates and manages Australia's largest export coal rail network, the Central Queensland Coal Network (CQCN), through its subsidiary company Aurizon Network (map, page 15).

Access to the CQCN is subject to Queensland's third party access regime established under Part 5 of the QCA Act. The 2016 access undertaking (UT4), approved by the QCA in October 2016, sets out details of the terms on which Aurizon Network undertakes to provide access to the CQCN.

Aurizon Network's 2016 access undertaking (UT4)

Aurizon Network's current 2016 access undertaking (UT4) sets out obligations for it to undertake a number of activities in accordance with its undertaking, some of which require the QCA's approval (e.g. annual approval of capital expenditure, revenue cap adjustments and reference tariff variations).

Aurizon Network can seek to amend an approved undertaking by submitting a draft amending access undertaking, as set out in the QCA Act.

Aurizon Network's 2016 access undertaking came into effect on 11 October 2016 and is scheduled to terminate on the earlier of 31 December 2018 or the date of approval of a replacement undertaking.

Aurizon Network's 2017 draft access undertaking (UT5)

On 11 May 2016, the QCA issued an initial undertaking notice to Aurizon Network in accordance with section 133 of the QCA Act.

On 30 November 2016, Aurizon Network submitted a draft access undertaking for the regulatory period commencing 1 July 2017 (the 2017 DAU).

The QCA is conducting an investigation to decide whether to approve, or refuse to approve, Aurizon Network's 2017 DAU.

Draft decision

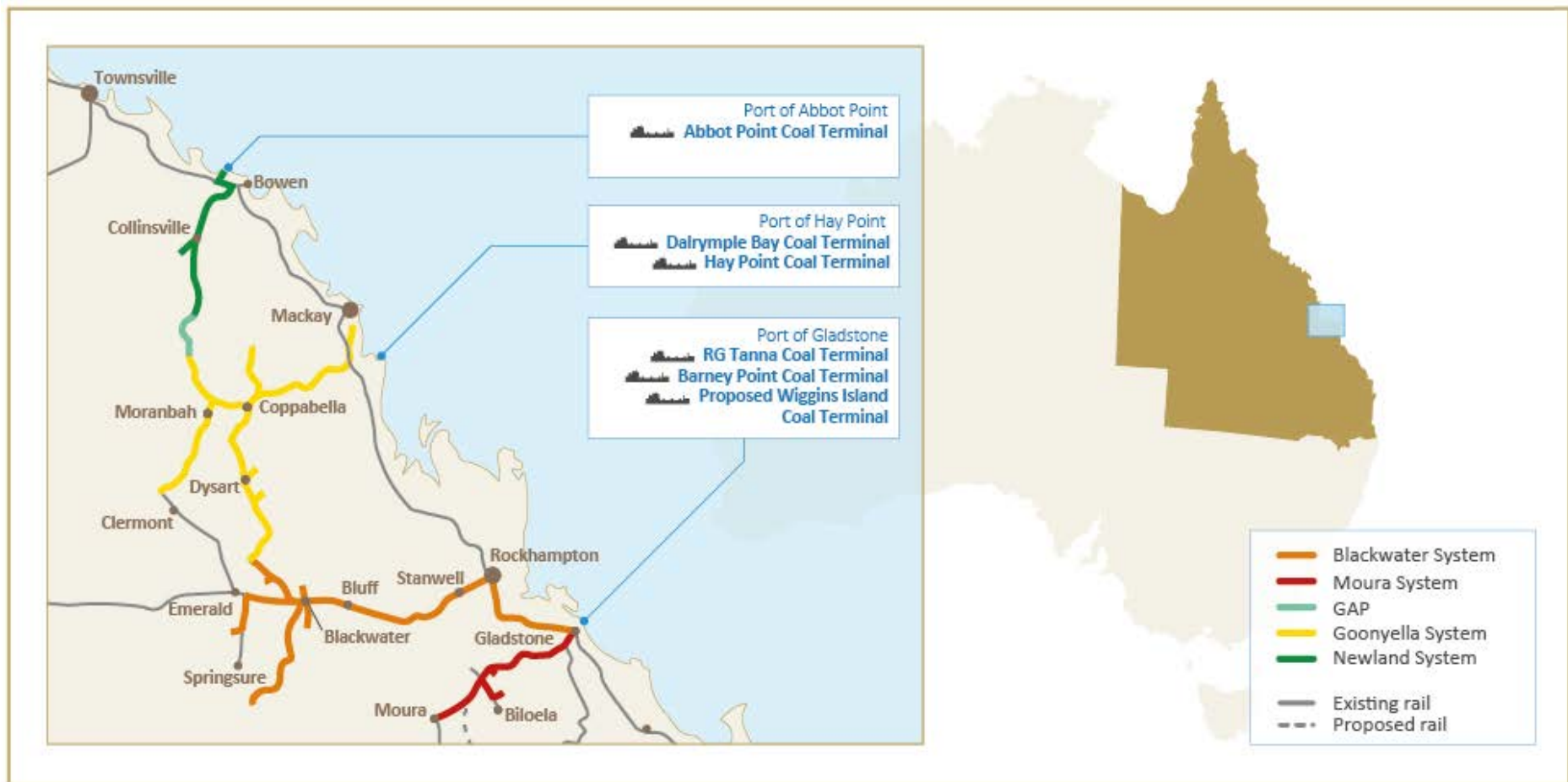
On 15 December 2017, the QCA published its draft decision, proposing to refuse to approve Aurizon Network's 2017 DAU. The draft decision sets out our preliminary assessment of Aurizon Network's 2017 DAU and the reasons why we do not consider it is appropriate to approve the 2017 DAU. We also set out those proposed amendments considered necessary in order for us to approve a replacement access undertaking for Aurizon Network's declared service.

The QCA expects to release a final decision on Aurizon Network's 2017 DAU in the second half of 2018.

Judicial review

On 30 April 2018, Aurizon Network applied for a judicial review of our draft decision on the 2017 DAU, alleging apprehended bias due to the appointment of our former Chair, Professor Roy Green, as Chair of the Port of Newcastle Board in December 2017.

At the time of this report, this matter is still before the Supreme Court of Queensland.



ONGOING REGULATORY WORK

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 monitoring compliance and performance, conducting capital expenditure reviews and tariff variation reviews, and dealing with stakeholder queries.

In 2017–18, Business Performance progressed a range of matters arising from access undertakings for Queensland Rail, Aurizon Network and DBCT. Most notable amongst these matters are:

- Aurizon Network's 2017 Standard User Funding Agreement
- Aurizon Network's 2017 Electric Traction DAAU
- Aurizon Network's 2018 compliance notice—maintenance
- Aurizon Network's baseline capacity assessment report
- DBCT Management's Modification DAAU
- DBCT Managements' Remediation Allowance DAAU
- DBCT Management's 2017–18 non-expansion capital expenditure
- DBCT Management's change in reference tonnage review events
- Queensland Rail's QCA levy for 2017–18
- Queensland Rail's endorsed variation event—Yancoal

Business Performance also managed the following (ongoing) projects in relation to energy:

- investigating Ergon Energy Queensland's alleged breach of the NERL Queensland Act 2014 for overcharging large regional business customers
- undertaking the 2020 Guaranteed Service Level review

- monitoring the SEQ retail electricity market—quarterly and yearly monitoring
- monitoring the SEQ solar feed-in tariff
- setting the solar feed-in tariff for regional Queensland, as well as providing advice on a time-varying solar price
- monitoring compliance with the Electricity Distribution Network Code and derogations to the National Energy Customer Framework
- amending the Electricity Distribution Network Code and Gas Distribution Network Code
- providing advice to the Minister for Natural Resources, Mines and Energy when directed to do so.

CORPORATE MATTERS

OVERVIEW

CORPORATE GOVERNANCE

The QCA places great emphasis on corporate governance, including a robust and fact-based decision-making process. 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. The framework is supported by a range of policies and procedures that, among other things, have been developed to ensure that assets are safeguarded, proper financial and accounting records are maintained and the work and effort of its staff are consistent with the Board's strategic direction.

A good measure of the success of the administrative framework is reflected in the annual audit certification provided by the Queensland Audit Office, and the QCA receiving an unqualified audit certificate for the reporting period.

Information and knowledge is considered a key and valuable asset. Accordingly, emphasis is placed on the management and protection of information, as well as on the maintenance of confidentiality where appropriate. Our records are stored electronically and paper records are retained as required. There were no breaches of information security during the financial year.

Values-driven culture

The QCA's core values significantly contribute to the positive team-based culture that has been developed. This year all staff participated in workshops aimed at refreshing the already high level of commitment to our values. Our key values are Trust, Respect, Achievement, Integrity and Teamwork.

The QCA Code of Conduct and the Members' Code of Conduct contain direction on all relevant governance matters. Particular attention is paid to possible conflicts of interest and when evident, includes Members and staff absenting themselves from all deliberations where conflicts of interest, real or perceived are suspected or arise.

All staff contracts include the requirement to abide by the Code of Conduct and to disclose any potential or actual conflicts of interest. This is further reinforced through awareness sessions and training.

Risk management

The QCA monitors its major risks, including physical risks, employee practices liability, and financial, information protection and reputation risks. The risk register is reviewed quarterly and provides a mechanism to routinely test mitigation and monitoring controls and activities. The Board formally reviews all potential risks annually and maintains a watching brief over key and critical risks to ensure adequate mitigation and controls are effective.

Policy and corporate documents

The QCA routinely reviews and updates its policies and guidelines. Policies reviewed or created during the reporting period include the Risk Management policy, Public Interest Disclosure policy, Board Member Induction manual, Banned Share list and Delegations policy. The Natural Justice Manual was retired and replaced with the Guide to Decision-making Manual and the Disaster Management and Recovery Manual was replaced with the QCA Business Continuity Plan. All staff periodically receive awareness training and guidance on the application of policy requirements.

QCA performance framework

In conjunction with Queensland Treasury, a QCA performance framework has been established. The performance framework is based on four key themes:

- efficiency and prudence of QCA costs and regulatory fees
- timely and transparent processes
- effective and efficient regulatory outcomes
- effective stakeholder engagement.

A number of key performance indicators (KPIs) have been approved to give effect to each of the themes. Each KPI will be monitored and results reported in the annual report for the 2018–19 reporting period. The performance framework is available on our website.

Financial performance

The QCA has reported a surplus of \$1.4 million for the 2017–18 financial year.

The QCA total revenue was lower than budgeted by \$0.6 million, largely due to decreased activity related to Aurizon Network (\$0.9 million), offset by higher than budgeted revenue from Queensland Rail (\$0.1 million) and Seqwater (\$0.3 million). A number of

minor variances account for the remaining \$0.1 million difference between budgeted and actual revenue.

Total expenditure amounted to \$13.6 million against a budget of \$17.4 million. Employee expenses were \$0.9 million less than budget, and payments for specialist advice were also \$3.0 million less than budget. A number of minor variances (including an adjustment of \$0.3 million for fee over-recovery) account for the remaining \$0.1 million of over-spend relative to budget.

The favourable expenditure variance of \$3.8 million, offset by the impact of lower revenue of \$0.6 million, explains the increased surplus of \$1.4 million from the budgeted shortfall of \$1.8 million.

Expenditure, including performance against budget, is reported monthly to the Board.

Environmental statement

The QCA maintains an environmentally friendly workplace. The Ann Street offices has a 5.5-star NABERS energy rating and a 4-star NABERS water efficiency rating. The QCA supports the efficiency measures initiated by the building's management.

The office environment benefits from low sills and a stepped perimeter ceiling that maximises the natural light penetration and, together with motion-activated lighting, saves energy. The QCA also promotes recycling and has in place recycling receptacles for paper and cardboard. 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.

Other information

Information on the following is available through the Queensland Government's Open Data website:

qld.gov.au/data:

- consultancies
- overseas travel.

OUR PEOPLE AND WORKFORCE PROFILE

As at 30 June 2018, we employed 46.05 full-time equivalent employees (headcount totalled 48) in a range of technical and support roles. Employees who recorded more than 10 years of service with the QCA made up 27 per cent of the staff, and 6.3 per cent had recorded 15 or more years of service.

For the financial year ended 30 June 2018, we had a permanent employee separation rate of 14.6 per cent. The major reason for separation continued to be

further career progression (10.4 per cent), primarily with larger organisations.

Queensland public service values

The Queensland public service values are:

- Customers first
- Ideas into action
- Unleash potential
- Be courageous
- Empower people

The QCA values align with these values, with the aim of being a high-performing, impartial and productive workplace.

Diversity and workplace equity

We are committed to a workplace that is fair and inclusive, and promotes the QCA values and a positive workplace culture. In 2017–18, a review was conducted of QCA compliance training, with the creation of new online refresher training programs for all staff on Code of Conduct and Respect in the Workplace. Equal employment opportunities and anti-discrimination principles remain enshrined into QCA policies and procedures.

Workforce planning

QCA staffing levels are based on the annual operational plan and projected resources required for various projects. In addition to core staffing levels, we engage consultants or contract staff for specialist advice and, if necessary, for meeting peak activity demands.

In 2017–18, the QCA again employed two graduates, building future capability. In addition, two student analysts and one law student undertook work assisting various QCA project teams.

QCA mentoring program

The QCA's mentoring program provides an opportunity for a mutually beneficial mentoring relationship between participants. The program is designed to enhance professional development and increase reflection on performance and career goals, encourage and develop leadership at all levels of the QCA, improve performance and achievement and encourage a culture of support and guidance.

Employee development and performance management framework

Our Learning and Support Plan 2017–2020 continues to provide a structured approach to learning and development, building our project delivery capability. In addition, a comprehensive training and development matrix was created this year for all positions at the QCA.

The corporate induction program for new employees covers HR and general QCA policies, health and safety,

document management, IT and systems induction, style and writing induction and general orientation.

The performance framework for employees is centred on setting key performance indicators (KPIs) annually. The results of annual KPI reviews are considered as part of the annual salary review process. Feedback from this process also informs decisions regarding employee project placement and suitability for promotions.

Industry knowledge and training

In order to improve context and enhance their understanding of infrastructure assets associated with the regulatory function, arrangements are made with regulated entities and relevant industry bodies for staff to visit sites owned or managed by rail, port and water asset entities. The site visits are arranged at convenient times and intended to enhance staff understanding of business operations and infrastructure assets associated with the regulatory function.

A training plan is developed for each employee during the annual performance evaluation process to guide the professional development opportunities offered to individual employees. Formal study by our employees is also supported by the QCA's Study and Research Assistance Scheme.

Leadership development framework

Our Leadership Development Plan continues to provide a framework that supports and develops our leaders and shapes the QCA leadership culture. Three target groups form the basis of this plan—the senior leadership team, existing corporate/project/program leaders and emerging leaders. This plan is complimented by a comprehensive matrix of leadership competencies and relevant training and development options for all target groups. In addition, programs particularly supporting women in leadership are offered throughout the year.

Work–life balance

We continue to encourage our employees to maintain a healthy work–life balance, with 44% of employees electing to utilise flexible working practices such as part-time employment, purchased leave and working from home arrangements. All of these arrangements are carefully balanced with operational requirements. Our employees are encouraged to utilise annual leave accruals between projects, ensuring appropriate periods of revitalisation. The QCA also has a mother's room available to employees as needed.

Health and safety initiatives

Employee safety remains a priority for us. In 2017–18, there were no workplace incidents that resulted in lost time due to injury. A workstation ergonomics assessment by an occupational therapist was

conducted for eight employees. In addition, all employees who undertake work from home are required to complete an ergonomic checklist on an annual basis. Our Health Initiative proactively supports employee good health, with supported activities such as flu vaccinations, health assessments and sponsorship of employee participation in charity exercise events. In 2017–18, employees were provided with the opportunity to participate in Pilates, yoga and core strength classes during their lunch break on a user pays basis. These classes are supported by building managers Dexus, and are open to all building tenants.

Industrial and employee relations framework

Quarterly all-staff meetings provide employees with the opportunity to raise and discuss workplace issues. In addition, the QCA intranet is a forum for employee feedback on any policies or procedures that affect their employment or employment conditions.

Early retirement, redundancy and retrenchment

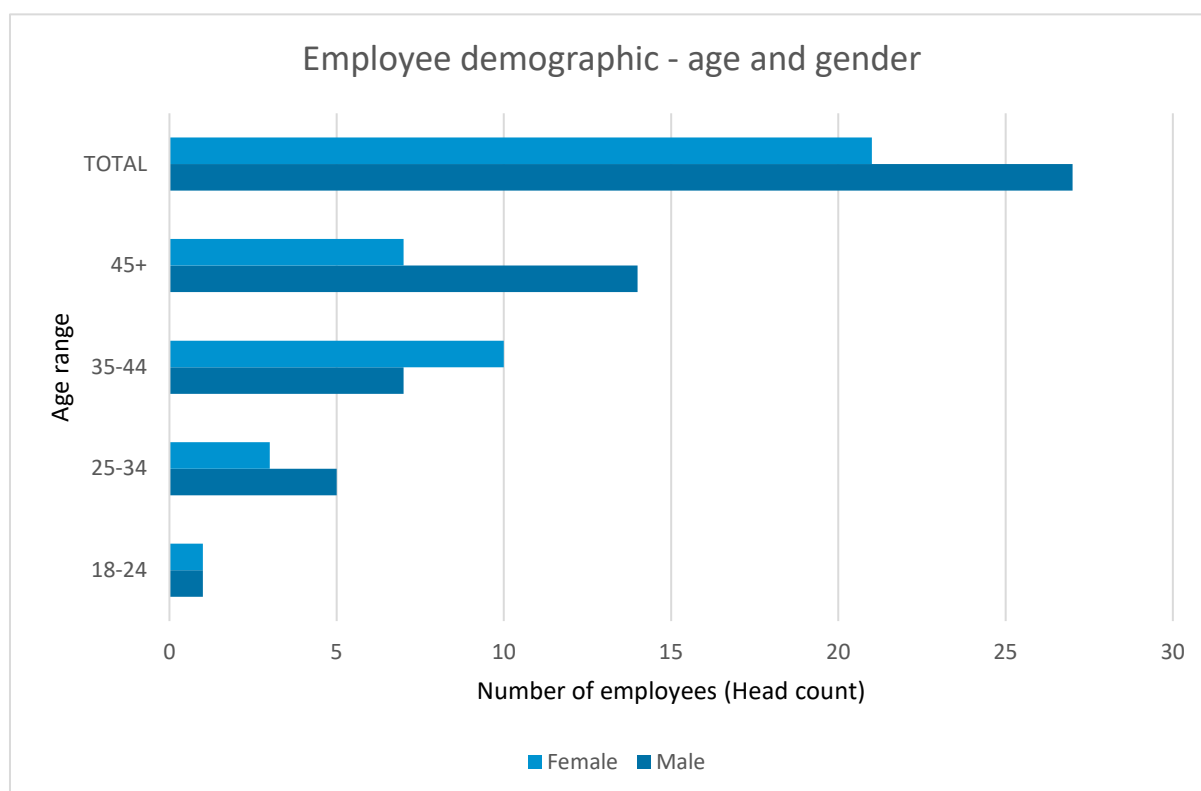
During the period no redundancy payments were made.

Workforce profile as at 30 June 2018

	Total employees	Male	Female	NESB*	A&TSI**
Chief Executive Officer	1	1	0	0	0
Directors	3	3	0	0	0
Technical employees	33	19	14	4	0
Support employees	11	4	7	2	0
Total	48	27	21	6	0

* Non-English speaking background (voluntary disclosure)

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



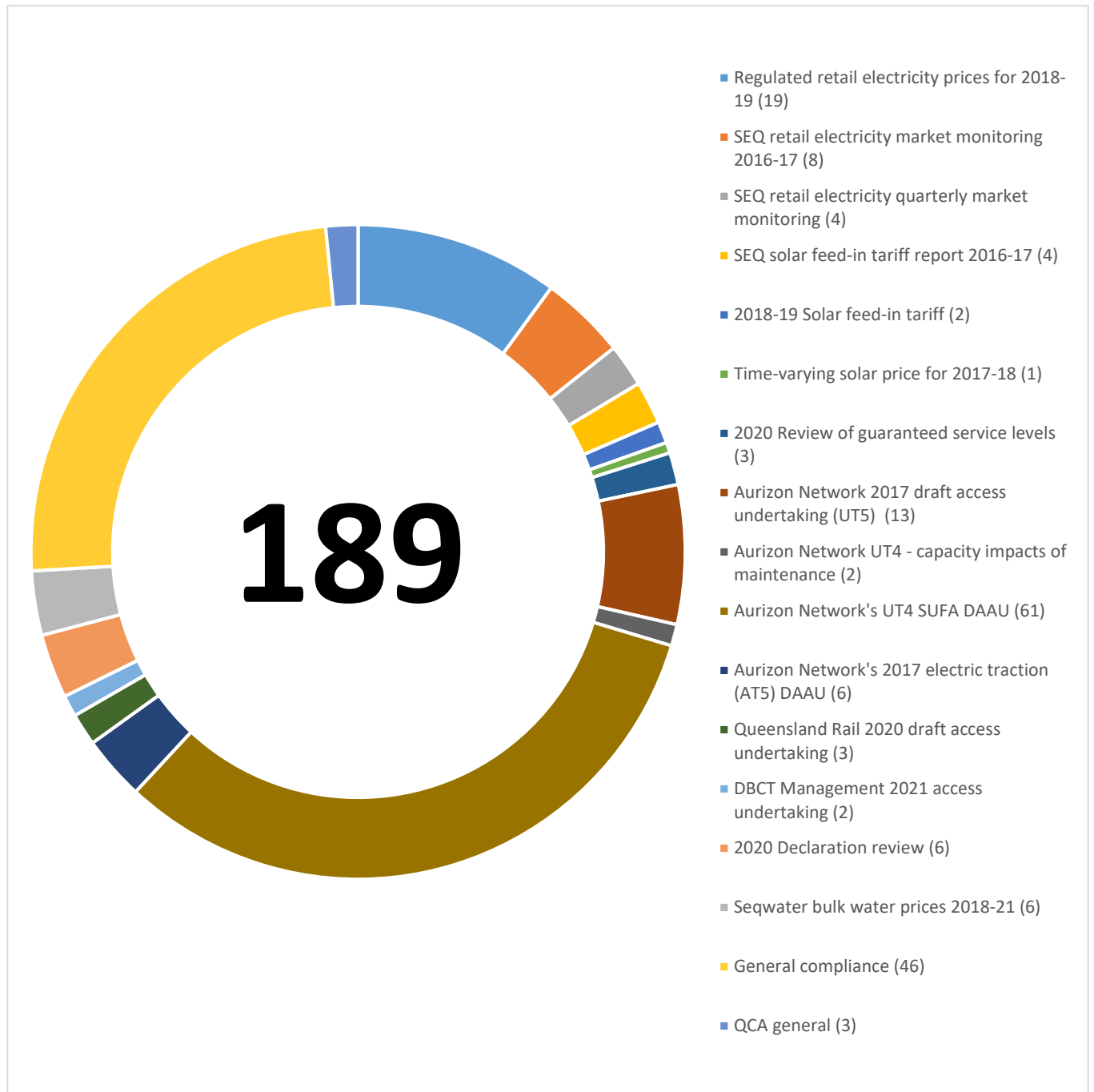
Flexible work arrangements as at 30 June 2018

	Employees with flexible arrangements	Part-time employees	Employees who purchased leave
Male	9	1	2
Female	12	7	2
NESB*	1	0	0
Technical staff	15	6	4
Support staff	6	2	0

* Non-English speaking background (voluntary disclosure)

OUR PUBLICATIONS

TOTAL PUBLICATIONS



Publications released and submissions received

	Submissions	Publications
Regulated retail electricity prices 2018–19	28	19
SEQ retail electricity market monitoring 2016–17	0	8
SEQ retail electricity market quarterly monitoring	0	4
SEQ solar feed-in tariff report 2016–17	0	4
2018–19 Solar feed-in tariff	0	2
Time-varying solar price for 2017–18	1	1
2020 Review of Guaranteed Service Levels	15	3
Aurizon Network—UT5	38	13
Aurizon Network UT4—capacity impacts of maintenance	4	2
Aurizon Network’s UT4 SUFA DAAU	33	61
Aurizon Network’s 2017 electric traction (AT5) DAAU	12	6
Queensland Rail—2020 DAU	0	3
2020 Declaration review	15	6
DBCT Management 2021 access undertaking	0	2
Seqwater bulk water prices 2018–21	11	6
General compliance	30	46
QCA	0	3
Total	187	189

Publicly available publications

Publicly available documents can be obtained from our offices or viewed on our website.

Release date	Title
2018	
June	Aurizon Network's 2017 draft access undertaking—stakeholder notice 15: proposal to change the averaging period request for comments
June	DBCT Management's 2018–19 regulatory asset base roll-forward, reference tonnage change, non-expansion capital expenditure 2018 and terminal infrastructure charge—letter to DBCT Management
June	DBCT Management's June 2018 review event: change in reference tonnage—letter to DBCT Management
June	DBCT Management 2018 modification draft amending access undertaking—decision
	DBCT Management 2018 modification draft amending access undertaking—letter to DBCT Management
June	Queensland Rail: QCA levy 2017–18—final decision
June	Queensland Rail's Yancoal endorsed variation event February 2018—final decision
June	Queensland Rail's New Hope review event July 2018—draft decision
June	2020 Declaration review—submission on initial submissions: staff questions
June	Advanced digital meter costs—advice to the Minister for Natural Resources, Mines and Energy
May	Time-varying solar price for 2018–19—advice to the Minister for Natural Resources, Mines and Energy
May	2018–19 Solar feed-in tariff for regional Queensland—determination
	2018–19 Solar feed-in tariff for regional Queensland—media release
May	Regulated retail electricity prices for 2018–19—final determination
	Regulated retail electricity prices for 2018–19—fact sheet: residential electricity prices for regional Queensland
	Regulated retail electricity prices for 2018–19—fact sheet: small business electricity prices for regional Queensland
	Regulated retail electricity prices for 2018–19—fact sheet: Renewable Energy Target (RET) costs
	Regulated retail electricity prices for 2018–19—fact sheet: transitional and obsolete tariffs
	Regulated retail electricity prices for 2018–19—gazette notice
	Regulated retail electricity prices for regional Queensland in 2018–19—media release
May	Aurizon Network's 2017 draft access undertaking—consultation paper: maintenance allowance and practices
May	Aurizon Network's 2017 draft access undertaking—stakeholder notice 14: maintenance matters request for comments
May	Aurizon Network's 2017 flood review event—final decision
May	Aurizon Network's April 2018 extension draft amending access undertaking—final decision
May	Aurizon Network's 2017 electric traction (AT5) draft amending access undertaking—draft decision
	Aurizon Network's 2017 electric traction (AT5) draft amending access undertaking—stakeholder notice: draft decision
May	Queensland Rail's 2017–18 cost allocation amendment—decision
May	Queensland Rail: QCA levy 2017–18—draft decision
May	Queensland Rail's Yancoal endorsed variation event February 2018—stakeholder notice
May	Queensland Rail's New Hope review event July 2018—stakeholder notice
May	DBCT Management 2018 modification draft amending access undertaking—notice of time periods
May	Ergon Energy Queensland overcharging large regional businesses—media release
April	Aurizon Network's 2017 draft access undertaking—stakeholder notice 13: late information
April	DBCT Management's remediation allowance DAAU—notice of investigation
	DBCT Management's remediation allowance DAAU—notice of time periods

Release date	Title
April	Review of guaranteed service levels (GSLs) to apply in Queensland from 1 July 2020—stakeholder notice
April	SEQ retail electricity market monitoring: January to March 2018
	SEQ retail electricity market monitoring: January to March 2018 (public dataset)
April	Aurizon Network's April 2018 extension draft amending access undertaking—notice of investigation
	Aurizon Network's April 2018 extension draft amending access undertaking—notice of time periods
April	Aurizon Network: tariff variation to recover 2017 cyclone Debbie costs—draft decision
	Aurizon Network: tariff variation to recover 2017 cyclone Debbie costs—letter to Aurizon Network
April	DBCT Management's reference tonnage review event—decision
April	Seqwater bulk water price review 2018–21—final report
	Seqwater bulk water price review 2018–21—media release: final report released
	Seqwater bulk water price review 2018–21—fact sheet: final report—south east Queensland bulk water price review 2018–21
April	2020 Declaration review—staff issues paper
	2020 Declaration review—notice of review and notice of investigation: Aurizon Network
	2020 Declaration review—notice of review and notice of investigation: DBCT Holdings
	2020 Declaration review—notice of review and notice of investigation: DBCT Management
	2020 Declaration review—notice of review and notice of investigation: Queensland Rail
March	Media release—QCA Chair to finish in June
March	Aurizon Network's 2017 draft access undertaking—stakeholder notice 12: submissions on QCA's draft decision
March	Regulated retail electricity prices for 2018–19—workshop presentations
March	Aurizon Network's UT4—capacity impacts of maintenance: stakeholder notice
	Aurizon Network's UT4—capacity impacts of maintenance: letter to Aurizon Network re request for extension
March	Aurizon Network's UT4 SUFA draft amending access undertaking—stakeholder notice
March	DBCT modification draft amending access undertaking—draft decision
	DBCT modification draft amending access undertaking—updated notice of time periods March 2018
March	DBCT outturn inflation—letter to DBCT to clarify QCA's position
February	Regulated retail electricity prices for 2018–19—draft determination
	Regulated retail electricity prices for 2018–19—draft determination: fact sheet—forecast regional small business electricity prices
	Regulated retail electricity prices for 2018–19—draft determination: fact sheet—forecast regional residential electricity prices
	Regulated retail electricity prices for 2018–19—draft determination: fact sheet—metering charges
	Regulated retail electricity prices for 2018–19—draft determination: fact sheet—transitional and obsolete tariffs
	Regulated retail electricity prices for 2018–19—draft determination: fact sheet—energy costs
	Regulated retail electricity prices for 2018–19—draft determination: stakeholder notice
	Regulated retail electricity prices for 2018–19—draft determination: media release
February	Queensland Rail 2020 draft access undertaking—approving extension 2020 DAU submission date
February	Review of guaranteed service levels (GSLs) to apply in Queensland from 1 July 2020—consultation paper
	Review of guaranteed service levels (GSLs) to apply in Queensland from 1 July 2020—initial consultation notice
February	Regulated retail electricity prices for 2018–19—notice: consultation workshops

Release date	Title
February	Aurizon Network's 2017 draft access undertaking—stakeholder notice 11: statement from the QCA Chair—QCA encourages stakeholders to engage constructively
January	Aurizon Network's 2017 electric traction (AT5) DAAU—stakeholder notice: extension to AT5 submission timeframes
January	SEQ retail electricity market monitoring report—October to December 2017
	SEQ retail electricity market monitoring report—October to December 2017 (public dataset)
January	Information statement—Professor Roy 7Green appointed as Chair of the Port of Newcastle
2017	
December	Regulated retail electricity prices for 2018–19—interim consultation paper
	Regulated retail electricity prices for 2018–19—stakeholder notice
December	Aurizon Network's 2016–17 revenue adjustment application—final decision
December	DBCTM's modelling draft amending access undertaking—notice to cease consideration of the DAAU
December	Aurizon Network's 2017 draft access undertaking—draft decision
	Aurizon Network's 2017 draft access undertaking—draft decision: annexure 1—UT5 allowable revenue inputs
	Aurizon Network's 2017 draft access undertaking—stakeholder notice 10: QCA draft decision
	Aurizon Network's 2017 draft access undertaking—notice of time periods (15 December 2017)
	Aurizon Network's 2017 draft access undertaking—letter to Aurizon Network: averaging period for Aurizon Network's 2017 draft access undertaking
December	Aurizon Network's 2017 standard user funding agreement draft amending access undertaking (UT4 SUFA DAAU)—final decision
	Aurizon Network's 2017 standard user funding agreement draft amending access undertaking (UT4 SUFA DAAU)—letter to Aurizon Network
	Access Agreement Specific Terms Deed (AASTD) – UT4 SUFA DAAU – clean
	Construction Agreement General Conditions of Contact (CA)—UT4 SUFA DAAU—clean
	Formal Instrument of Agreement (FIA)—UT4 SUFA DAAU—clean
	Extension Infrastructure Head-Lease (EIHL)—UT4 SUFA DAAU—clean
	Extension Infrastructure Sub-Lease (EISL)—UT4 SUFA DAAU—clean
	Extension Project Agreement (EPA)—UT4 SUFA DAAU—clean
	Financing Side Deed (FSD)—UT4 SUFA DAAU—clean
	Integrated Network Deed (IND)—UT4 SUFA DAAU—clean
	Rail Corridor Agreement (RCA)—UT4 SUFA DAAU—clean
	Specific Security Agreement (SSA)—UT4 SUFA DAAU—clean
	Subscription and Unit Holders Deed (SUHD)—UT4 SUFA DAAU—clean
	Trust Deed (TD)—UT4 SUFA DAAU—clean
	UT4 amendments—UT4 SUFA DAAU—clean
	Access Agreement Specific Terms Deed (AASTD) – UT4 SUFA DAAU – mark up of AN DAAU submission
	Construction Agreement General Conditions of Contact (CA)—UT4 SUFA DAAU—mark up of AN DAAU submission
	Formal Instrument of Agreement (FIA)—UT4 SUFA DAAU—mark up of AN DAAU submission
	Extension Infrastructure Head-Lease (EIHL)—UT4 SUFA DAAU—mark up of AN DAAU submission
	Extension Infrastructure Sub-Lease (EISL)—UT4 SUFA DAAU—mark up of AN DAAU submission
	Extension Project Agreement (EPA)—UT4 SUFA DAAU—mark up of AN DAAU submission
	Financing Side Deed (FSD)—UT4 SUFA DAAU—mark up of AN DAAU submission
	Integrated Network Deed (IND)—UT4 SUFA DAAU—mark up of AN DAAU submission

Release date	Title
	Rail Corridor Agreement (RCA)—UT4 SUFA DAAU—mark up of AN DAAU submission
	Specific Security Agreement (SSA)—UT4 SUFA DAAU—mark up of AN DAAU submission
	Subscription and Unit Holders Deed (SUHD)—UT4 SUFA DAAU—mark up of AN DAAU submission
	Trust Deed (TD)—UT4 SUFA DAAU—mark up of AN DAAU submission
	UT4 amendments—UT4 SUFA DAAU—mark up of AN DAAU submission
	Access Agreement Specific Terms Deed (AASST) – UT4 SUFA DAAU – mark up of AN submission on draft decision
	Construction Agreement General Conditions of Contract (CA)—UT4 SUFA DAAU—mark up of AN submission on draft decision
	Formal Instrument of Agreement (FIA)—UT4 SUFA DAAU—mark up of AN submission on draft decision
	Extension Infrastructure Head-Lease (EHL)—UT4 SUFA DAAU—mark up of AN submission on draft decision
	Extension Infrastructure Sub-Lease (EISL)—UT4 SUFA DAAU—ark up of AN submission on draft decision
	Extension Project Agreement (EPA)—UT4 SUFA DAAU—mark up of AN submission on draft decision
	Financing Side Deed (FSD)—UT4 SUFA DAAU— mark up of AN submission on draft decision
	Integrated Network Deed (IND)—UT4 SUFA DAAU— mark up of AN submission on draft decision
	Rail Corridor Agreement (RCA)—UT4 SUFA DAAU— mark up of AN submission on draft decision
	Specific Security Agreement (SSA)—UT4 SUFA DAAU— mark up of AN submission on draft decision
	Subscription and Unit Holders Deed (SUHD)—UT4 SUFA DAAU— mark up of AN submission on draft decision
	Trust Deed (TD)—UT4 SUFA DAAU— mark up of AN submission on draft decision
	UT4 amendments—UT4 SUFA DAAU— mark up of AN submission on draft decision
December	Aurizon Network’s 2017 electric traction (AT5) draft amending access undertaking—notice of investigation
	Aurizon Network’s 2017 electric traction (AT5) draft amending access undertaking—stakeholder notice: notice of time periods
	Aurizon Network’s 2017 electric traction (AT5) draft amending access undertaking—stakeholder notice: extension to AT5 submission timeframes
December	Seqwater bulk water price review 2018–21—draft report
	SEQ’s bulk water price settings for 2018–21 up for comment—media release
	Seqwater bulk water price review 2018–21—draft report: fact sheet
November	SEQ retail electricity market monitoring 2016–17—report
	South east Queensland market monitoring report 2016–17—media release
	SEQ retail electricity market monitoring 2016–17—fact sheet: residential flat rate customers
	SEQ retail electricity market monitoring 2016–17—fact sheet: residential flat rate with controlled load super economy customers
	SEQ retail electricity market monitoring 2016–17—fact sheet: residential flat rate with controlled load economy customers
	SEQ retail electricity market monitoring 2016–17—fact sheet: small business flat rate customers
	SEQ retail electricity market monitoring 2016–17—fact sheet: small business time of use customers
	SEQ retail electricity market monitoring 2016–17—dataset
November	Aurizon Network’s September 2017 extension draft amending access undertaking—final decision
November	Aurizon Network’s Minerva draft amending access undertaking—draft decision
November	Queensland Rail Yancoal endorsed variation event 22 December 2016—final decision
November	Retail electricity prices in south east and regional Queensland—advice to the Minister
October	SEQ solar feed-in tariff report 2016–17—final report

Release date	Title
	SEQ solar feed-in tariff report 2016–17—supporting data
	SEQ solar feed-in tariff report 2016–17—media release
October	Aurizon Network’s 2017 draft access undertaking—stakeholder notice 9: late information
October	Aurizon Network’s 2015–16 capital expenditure claim—final decision
October	DBCT Management 2021 access undertaking—initial undertaking notice
	DBCT Management 2021 access undertaking—initial undertaking notice: cover letter to DBCT Management
October	QCA annual report 2016–17
September	Aurizon Network’s UT4 SUFA DAAU—stakeholder notice: collaborative consultation period
September	Aurizon Network’s Minerva draft amending access undertaking—notice of investigation
	Aurizon Network’s Minerva draft amending access undertaking—notice of time periods
September	DBCT Management modification draft amending access undertaking—notice of investigation
	DBCT Management modification draft amending access undertaking—notice of time periods
September	Ergon Energy—warning notice meter reconfiguration requests
September	Aurizon Network’s 2016–17 capital expenditure claim—assessment approach
September	Queensland Rail 2020 draft access undertaking—initial undertaking notice
	Queensland Rail 2020 draft access undertaking—initial undertaking notice: cover letter to Queensland Rail
September	Aurizon Network’s proposed system rules—final decision letter
September	DBCT Management modelling draft amending access undertaking—notice of investigation
	DBCT Management modelling draft amending access undertaking—notice of time periods
September	Aurizon Network’s 2017 draft access undertaking—notice of time periods
August	Aurizon Network’s 2017 standard user funding agreement draft amending access undertaking (UT4 SUFA DAAU)—draft decision
	Access Agreement Specific Terms Deed (AASTD) – UT4 SUFA DAAU – draft decision Appendix B
	Construction Agreement General Conditions of Contract (CA)—UT4 SUFA DAAU—draft decision Appendix B
	Formal Instrument of Agreement (FIA)—UT4 SUFA DAAU—draft decision Appendix B
	Extension Infrastructure Head-Lease (EIHL)—UT4 SUFA DAAU—draft decision Appendix B
	Extension Infrastructure Sub-Lease (EISL)—UT4 SUFA DAAU—draft decision Appendix B
	Extension Project Agreement (EPA)—UT4 SUFA DAAU—draft decision Appendix B
	Financing Side Deed (FSD)—UT4 SUFA DAAU—draft decision Appendix B
	Integrated Network Deed (IND)—UT4 SUFA DAAU—draft decision Appendix B
	Rail Corridor Agreement (RCA)—UT4 SUFA DAAU—draft decision Appendix B
	Specific Security Agreement (SSA)—UT4 SUFA DAAU—draft decision Appendix B
	Subscription and Unit Holders Deed (SUHD)—UT4 SUFA DAAU—draft decision Appendix B
	Trust Deed (TD)—UT4 SUFA DAAU—draft decision Appendix B
	UT4 amendments—UT4 SUFA DAAU—draft decision Appendix B
	SUFA rent model—Annual—write-up
	SUFA rent model—Annual—spreadsheet
	SUFA rent model—Monthly—write-up
	SUFA rent model—Monthly—spreadsheet
July	Request for advice—time-varying solar price for regional Queensland for 2017–18
July	DBCT Management 2016–17 non-expansion capital expenditure—decision
July	Solar feed-in tariff report 2016–17—scoping paper

FINANCIAL STATEMENTS

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STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Income from Continuing Operations			
Fees	2	10,085,099	10,821,123
Government Grant	3	4,000,000	4,000,000
Other Income	4	869,879	795,293
Total Revenue		14,954,978	15,616,416
Gains/(Losses)			
Gain/(Loss) on sale of plant and equipment		-	694
Total Income from Continuing Operations		14,954,978	15,617,110
Expenses from Continuing Operations			
Members' Expenses		356,673	366,820
Employee Expenses	5	7,118,128	7,433,420
Supplies and Services	8	5,369,604	4,783,306
Depreciation and Amortisation	14	411,219	410,505
Fee Expense	9	291,652	702,100
Other Expenses	10	42,256	41,017
Total Expenses from Continuing Operations		13,589,532	13,737,168
Operating Result from Continuing Operations		1,365,446	1,879,942
Other Comprehensive Income		-	-
Total Comprehensive Income		1,365,446	1,879,942

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

	Notes	2018 \$	2017 \$
Current Assets			
Cash and Cash Equivalents	11	16,078,138	13,257,488
Receivables	12	643,814	3,002,357
Other	13	301,213	290,536
Total Current Assets		17,023,166	16,550,382
Non Current Assets			
Plant and Equipment	14	1,917,271	2,328,490
Total Non Current Assets		1,917,271	2,328,490
Total Assets		18,940,436	18,878,872
Current Liabilities			
Payables	15	559,417	1,461,369
Accrued Employee Benefits	16	802,933	792,812
Lease Incentive Liability	17	330,000	330,000
Total Current Liabilities		1,692,351	2,584,181
Non Current Liabilities			
Accrued Employee Benefits	16	241,594	323,644
Lease Incentive Liability	17	1,155,000	1,485,000
Total Non Current Liabilities		1,396,594	1,808,644
Total Liabilities		3,088,944	4,392,825
Net Assets		15,851,492	14,486,046
Equity			
Contributed Equity		1,559,000	1,559,000
Accumulated Surplus		14,292,492	12,927,046
Total Equity		15,851,492	14,486,046

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

	Accumulated Surplus		Contributed Equity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Balance 1 July	12,927,046	11,047,105	1,559,000	1,559,000
Operating Result from Continuing Operations	1,365,446	1,879,942	-	-
Other Comprehensive Income	-	-	-	-
Balance 30 June	14,292,492	12,927,046	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 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
<i>Inflows:</i>			
Government Grant		4,000,000	4,000,000
Fees		12,497,874	12,774,979
Interest		337,592	264,429
Other		504,439	532,159
GST collected		1,317,242	1,332,916
GST input tax credits from ATO		717,180	592,099
		19,374,327	19,496,581
<i>Outflows:</i>			
Members' Expenses		(356,673)	(366,820)
Employee Expenses		(7,218,657)	(7,671,375)
Supplies and services		(6,946,141)	(5,514,657)
GST paid to Suppliers		(713,668)	(557,385)
GST remitted to ATO		(1,318,538)	(1,331,512)
		(16,553,677)	(15,441,749)
Net cash provided by / (used in) operating activities		2,820,650	4,054,832
Cash flows from investing activities			
<i>Inflows:</i>			
Proceeds from disposal of Plant and Equipment		-	1,249
<i>Outflows:</i>			
Payments for Plant and Equipment		-	(68,538)
Net cash provided by / (used in) investing activities		-	(67,289)
Net increase/(decrease) in cash and cash equivalents		2,820,650	3,987,543
Cash and cash equivalents at beginning of financial year		13,257,486	9,269,943
Cash and cash equivalents at end of financial year	11	16,078,136	13,257,486

The accompanying notes form part of these financial statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

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 2016–17 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 Accounting Standards (including early adoption)

The QCA did not voluntarily change any of its accounting policies during 2017–18.

There was one Australian Accounting Standard change mandatorily applicable for the first time as from 2017–18. This standard has not materially impacted the QCA.

AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash Generating Specialised Assets for not-for-Profit Entities (NFP) simplified and clarified the impairment testing requirements under AASB 136 for non-cash generating specialised assets held by NFP entities. This amendment has not changed any reported amounts. References to the Depreciated Replacement Cost have been replaced with Current Replacement Cost in line with these amendments.

(g) Authorisation of Financial Statements for issue

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

Note 2:

Fees	2018	2017
	\$	\$
Fees	10,085,099	10,821,123
Total	10,085,099	10,821,123

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 charge 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	2018	2017
	\$	\$
Grant	4,000,000	4,000,000
Total	4,000,000	4,000,000

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	2018	2017
	\$	\$
Interest	341,468	285,097
Sub-lease rent income	393,696	377,646
Other	134,715	132,550
Total	869,879	795,293

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 three years with the option to renew for a period of 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	2018	2017
	\$	\$
Employee Benefits		
Salaries	5,180,787	5,670,720
Annual Leave	502,538	348,907
Sick Leave	171,907	71,888
Employer Superannuation Contributions	574,820	587,016
Termination Benefits	11,753	28,254
Long Service Leave Central Scheme Levy	128,548	136,536
Employee Related Expenses		
Payroll tax	307,883	310,776
Staff Training Costs	161,323	149,210
Staff Recruitment Costs	22,832	77,323
Other Staff Expenses	39,295	34,877
Workers Compensation Premium	16,441	17,913
Total	7,118,128	7,433,420

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:

46.1 45.5

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 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 obligations 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.

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 2017–18 are detailed below.

Position	Responsibilities	Contract Classification and Appointment Authority
Chairman	Members are collectively responsible for the Authority's duties and responsibilities, in accordance with the QCA Act. The Chairman is also responsible for the collegiate functioning of the members and Ministerial liaison.	Governor in Council/ <i>QCA Act 1997</i>
Deputy Chairman	Members are collectively responsible for the Authority's duties and responsibilities, in accordance with the QCA Act. In the absence of the Chairman, the Deputy chairman assumes the Chairman's responsibilities.	Governor in Council/ <i>QCA Act 1997</i>
Member	Members are collectively responsible for the Authority's duties and responsibilities, in accordance with the QCA Act.	Governor in Council/ <i>QCA Act 1997</i>
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

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
- Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment.

The following disclosures focus on the expenses incurred by QCA during the respective reporting periods that is attributable to key management positions. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

1 July 2017—30 June 2018

Position	Short Term Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	\$	\$	\$	\$	\$	\$
Chairman (1/7/17-4/6/18)	129,166	-	-	12,270	-	141,437
Chairman (5/6/18-30/6/18)	7,351	-	-	698	-	8,049
Deputy Chairman (1/7/17-4/6/18)	65,633	-	-	6,235	-	71,869
Deputy Chairman (5/6/18-30/6/18)	3,675	-	-	349	-	4,025
Member (1/7/17-4/6/18)	64,584	-	-	6,135	-	70,719
Member (5/6/18-30/6/18)	3,675	-	-	349	-	4,025
Chief Executive (1/7/17-30/6/18)	378,215	-	7,943	19,980	-	406,138
Total Remuneration	652,300	-	7,943	46,018	-	706,260

1 July 2016—30 June 2017

Position	Short Term Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	\$	\$	\$	\$	\$	\$
Chairman (1/7/16-30/6/17)	136,517	-	-	12,969	-	149,486
Deputy Chairman (1/7/16-30/6/17)	68,259	-	-	6,485	-	74,744
Member (1/7/16-30/6/17)	68,259	-	-	6,485	-	74,744
Chief Executive (1/7/16-31/8/16)	69,447	-	-	3,798	248,478	321,724
Chief Executive (1/9/16-30/6/17)	300,972	-	6,320	16,541	-	323,833
Total Remuneration	643,454	-	6,320	46,278	248,478	944,531

Performance Payments

The remuneration package for the Chief Executive includes a potential performance payment of up to a maximum of \$19,987 for successful completion of Board set key performance indicators. The assessment process for calculating this years' performance payment has not commenced.

Note 7:

Related Party Transactions

There were no related party transactions with the QCA's key management personnel in 2017–18.

Note 8:

Supplies and Services	2018	2017
	\$	\$
Specialist Services	2,817,399	2,363,860
Occupancy Costs (including operating lease rentals)	1,905,816	1,828,108
Information Technology Costs	321,132	312,633
Travel and Accommodation Costs	28,704	28,749
Bank Fees and Charges	17,217	16,541
General Administration Costs	147,584	111,235
Other	131,751	122,180
Total	5,369,604	4,783,306

Accounting Policy

Expenses for supplies and services are recognised upon receipt of the goods or services ordered and are measured at the nominal amount.

Note 9:

Fee Expense	2018	2017
	\$	\$
Fee Expense*	291,652	702,100
Total	291,652	702,100

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

Note 10:

Other Expenses	2018	2017
	\$	\$
External Audit Fees*	24,725	23,870
Insurance Premiums	17,531	17,147
Total	42,256	41,017

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

Note 11:

Cash and Cash Equivalents	2018	2017
	\$	\$
Cash at Bank	3,046,528	5,411,619
Cash on Hand	500	500
Cash in QTC Cash Fund	13,031,110	7,845,369
Total	16,078,138	13,257,488

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	2018	2017
	\$	\$
Trade Debtors	48,087	24,115
Other Receivables	81,619	49,143
Accrued Income*	441,099	2,853,874
Sub Total	570,805	2,927,133
GST Receivable	77,306	80,817
GST Payable	(4,297)	(5,593)
Sub Total	73,009	75,224
Total Receivables	643,814	3,002,357

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.

Accounting Policy

All receivables 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 receivable's carrying value exceeds the recoverable amount is recorded as an impairment loss and recognised immediately in the Statement of Comprehensive Income.

Note 13:

Other	2018	2017
	\$	\$
Prepayments	301,213	290,536
Total	301,213	290,536

Accounting Policy

Prepayments are for services that have been paid for and the related benefits are to be received in future financial periods.

Note 14:

Plant and Equipment and Depreciation Expense	2018	2017
	\$	\$

(i) Property Plant and Equipment

Plant and Equipment: At Cost	3,908,714	3,908,714
Less: Accumulated Depreciation	(1,991,443)	(1,580,224)
Total	1,917,271	2,328,490

(ii) Property Plant and Equipment Reconciliation

	Plant and	Total
Carrying amount at 1 July 2017	2,328,490	2,328,490
Acquisitions (including upgrades)	-	-
Disposals	-	-
Depreciation Expense	(411,219)	(411,219)
Carrying amount at 30 June 2018	1,917,271	1,917,271

(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 value equal to or in excess of \$5,000 are recognised for financial purposes in the year of acquisition. Items with a lesser value are expensed in the year of acquisition.

The carrying amounts for plant and equipment at cost approximate their fair value.

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.

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.

In general, the following depreciation rate ranges 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	2018	2017
	\$	\$
Accrued Expenses	182,858	651,722
Trade Creditors	60,182	90,807
Audit Fees Payable	24,725	16,740
Accrued Fee Expense*	291,652	702,100
Total	559,417	1,461,369

*Accrued Fee Expense 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	2018	2017
	\$	\$
<i>Current</i>		
Annual Leave	566,987	610,237
Staff Retention Scheme	110,446	58,212
Salaries Payable	125,500	124,363
Total	802,933	792,812
<i>Non-Current</i>		
Staff Retention Scheme	241,594	323,644
Total	241,594	323,644

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

Note 17:

Other Liabilities	2018 \$	2017 \$
Current		
Lease Incentive	330,000	330,000
Total	330,000	330,000
Non-Current		
Lease Incentive	1,155,000	1,485,000
Total	1,155,000	1,485,000

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 18:**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 19:**Commitments**

	2018 \$	2017 \$
Non-Cancellable operating leases		
Future operating lease rentals not provided for in the financial statements are payable as follows:		
Not later than one year (inclusive of GST)	2,306,198	2,212,181
Later than one year but not later than five years (inclusive of GST)	8,590,026	9,836,438
Later than five years (inclusive of GST)	-	1,344,832
Total commitments	10,896,224	13,393,451

The offices occupied by the QCA are subject to an operating lease which expires on 22 November 2022. The lease is calculated with annual increases of 4.25%. There are no options beyond the expiry date.

	2018	2017
	\$	\$
Future sub-lease rentals not recognised in the financial statements are receivable as follows:		
Not later than one year (inclusive of GST)	509,848	489,063
Later than one year but not later than five years (inclusive of GST)	1,232,680	1,742,528
Later than five years (inclusive of GST)	-	-
Total commitments	1,742,528	2,231,590

Part of the offices occupied by the QCA are subject to a sub-lease with the Queensland Productivity Commission which expires on 30 September 2021. The lease is calculated with annual increases of 4.25%. There are no options beyond the expiry date.

Accounting Policy

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

The QCA does not have any finance leases where risks and benefits are transferred to the lessee.

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 20:

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:

- Depreciation—note 14
- Accrued Expenses—note 15
- Accrued Employee Benefits—note 16

CERTIFICATE OF QUEENSLAND COMPETITION AUTHORITY

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 2018 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

F. Menezes

PhD U of I

16 August 2018



Chief Executive Officer

C Millstead

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16 August 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Queensland Competition Authority

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Queensland Competition Authority.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2018, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards – Reduced Disclosure Requirements.

The financial report comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statements of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the certificate given by the Chair and the Chief Executive Officer.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Responsibilities of the entity 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 the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards – Reduced Disclosure Requirements, and for such internal control as the Members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Members are also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit, I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In accordance with s.40 of the *Auditor-General Act 2009* for the year ended 30 June 2018:

- I received all the information and explanations I required
- In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Melissa Fletcher
as delegate of the Auditor-General



Queensland Audit Office
Brisbane

GLOSSARY

Term	Definition
ACCC	Australian Competition and Consumer Commission
AEMC	Australian Energy Market Commission
CQC	Central Queensland coal network
DAAU	Draft amending access undertaking
DAU	Draft access undertaking
DBCT	Dalrymple Bay Coal Terminal
DBCTM	DBCT Management
DBCT PL	DBCT Pty Ltd
Electricity Act	<i>Electricity Act 1994</i>
ERA	Economic Regulation Authority
GSL	Guaranteed service level
IPART	Independent Pricing and Regulatory Tribunal
KPIs	Key performance indicators
NECAP	Non-expansion capital expenditure
NERL Queensland Act 2014	<i>National Energy Retail Law (Queensland) Act 2014</i>
NESB	Non-English speaking background
Notified prices	Regulated retail electricity prices
QCA	Queensland Competition Authority
QCA Act	<i>Queensland Competition Authority Act 1997</i>
SEQ	South east Queensland
SUFA	Standard user funding agreement
UT4	Aurizon Network's 2016 access undertaking
UT5	Aurizon Network's 2017 draft access undertaking

APPENDICES

Queensland Competition Authority

File Ref: 1306029

21 September 2018

The Hon Jackie Trad MP
Deputy Premier, Treasurer and
Minister for Aboriginal and Torres Strait Islander Partnerships
1 William Street
Brisbane Qld 4000

Dear Deputy Premier

Queensland Competition Authority annual report 2017–18

I am pleased to submit for presentation the annual report 2017–18 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 pages 53–54 of this annual report.

Yours sincerely



Professor Flavio Menezes
Chair

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APPENDIX B: COMPLIANCE CHECKLIST

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 7	52
Accessibility	<ul style="list-style-type: none"> Table of contents Glossary 	ARRs – section 9.1	I 50
	<ul style="list-style-type: none"> Public availability 	ARRs – section 9.2	55
	<ul style="list-style-type: none"> Interpreter service statement 	Queensland Government Language Services Policy ARRs – section 9.3	55
	<ul style="list-style-type: none"> Copyright notice 	Copyright Act 1968 ARRs – section 9.4	Back of cover page
	<ul style="list-style-type: none"> Information Licensing 	QGEA – Information Licensing ARRs – section 9.5	N/A
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs – section 10.1	2–3
	<ul style="list-style-type: none"> Agency role and main functions 	ARRs – section 10.2	2–3, 12–22
	<ul style="list-style-type: none"> Operating environment 	ARRs – section 10.3	18–22
Non-financial performance	<ul style="list-style-type: none"> Government's objectives for the community 	ARRs – section 11.1	12–22
	<ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives 	ARRs – section 11.2	12–22
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 11.3	9–10, 12–22
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs – section 11.4	12–30
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 12.1	18–19, 33–49
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 13.1	7
	<ul style="list-style-type: none"> Executive management 	ARRs – section 13.2	4–7
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs – section 13.3	N/A
	<ul style="list-style-type: none"> Public Sector Ethics Act 1994 	Public Sector Ethics Act 1994 ARRs – section 13.4	18
	<ul style="list-style-type: none"> Queensland public service values 	ARRs – section 13.5	19
Governance – risk management and accountability	<ul style="list-style-type: none"> Risk management 	ARRs – section 14.1	18
	<ul style="list-style-type: none"> Audit committee 	ARRs – section 14.2	N/A
	<ul style="list-style-type: none"> Internal audit 	ARRs – section 14.3	N/A

Summary of requirement		Basis for requirement	Annual report reference
	• External scrutiny	ARRs – section 14.4	N/A
	• Information systems and recordkeeping	ARRs – section 14.5	18
Governance – human resources	• Workforce planning and performance	ARRs – section 15.1	19–22
	• Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> Directive No.16/16 <i>Early Retirement, Redundancy and Retrenchment</i> (from 20 May 2016) ARRs – section 15.2	20
Open Data	• Statement advising publication of information	ARRs – section 16	55
	• Consultancies	ARRs – section 33.1	55
	• Overseas travel	ARRs – section 33.2	55
	• Queensland Language Services Policy	ARRs – section 33.3	N/A
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 17.1	47
	• Independent Auditor's Report	FAA – section 62 FPMS – section 50 ARRs – section 17.2	48–49

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

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Open data

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

- Consultancies 2017–18
- Overseas travel 2017–18

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