

Performance Framework for Queensland Competition Authority

2 May 2018

1.0 Purpose of the Framework

The Queensland Competition Authority (QCA) is the State's independent economic regulator and is established under the *Queensland Competition Authority Act 1997* (QCA Act).

This Performance Framework aims to improve the operational performance of the QCA and provide increased transparency and accountability.

The QCA will regularly publicly report its activities against performance standards and engaging in a process of self-assessment and continuous improvement.

The Framework has these main parts:

- performance themes and measures.
- assessment and reporting requirements

The scope of the framework is directed towards the QCA's operational practices, rather than matters of policy. .

At the highest level, this framework reflects a commitment by the QCA to actively pursue innovation and productivity improvements in its operational performance.

2.0 Performance themes and measures

The first full year covered by the framework will be 2018-19 with public reporting of results in the QCA's annual report and website.

The following themes represent the key operational performance outcomes the QCA will seek to achieve when performing its functions.

- (1) Effective and efficient regulatory outcomes.
- (2) Timely and transparent processes.
- (3) Efficient and reasonable QCA costs and regulatory fees.
- (4) Effective stakeholder engagement and communication.

Development of Performance Measures

The QCA will establish performance measures to demonstrate its performance against each of the performance themes. These will be a mixture of quantitative and qualitative measures and will include targets or results the QCA is committed to achieving in the reporting period.

The performance measures will enable the QCA and stakeholders to form a view about the organisation's operational performance for each reporting period and to compare results over time. The performance themes and measures will be publicly available on the QCA's website when they are finalised.

3.0 Assessment and Reporting

The QCA will assess, and publicly report on, its performance each year. As a minimum, the following assessment and reporting requirements will apply:

- **Annual Self-Assessment**

The QCA will assess its performance against the performance measures at the end of each financial year and collate the results for publication. This should include an analysis of the performance information to explain and provide context about the level of performance the QCA has achieved. For example, where the QCA has failed to meet a performance measure, the QCA should provide reasons for not meeting that measure and any steps it will take to improve its performance in future.

The results of the annual self-assessment will be reported to the Treasurer and published in the Annual Report.

- **Stakeholder Survey**

The QCA's stakeholders should be surveyed at least every two years to obtain their views about the QCA's performance.

The survey will be designed and conducted by a third party appointed by the QCA. It should be designed so that stakeholder views about the QCA's performance can be meaningfully and reliably compared from survey-to-survey. It should also include appropriate confidentiality arrangements for survey participants.

Those surveyed should comprise a mix of representatives from, but not limited to, regulated entities, industry stakeholders, consumers and State Government representatives.

The results of each survey should be published on the QCA's website.

- **Results of Operating Reviews**

The QCA will engage in periodic review of central elements of its operations. The timing, design and arrangements for reviews will be decided by the QCA. However, they will be generally be conducted by an independent party, with an expectation of public availability. Such reviews will remain cost-effective and should only focus on major matters of operations such as the QCA's charging framework or stakeholder engagement strategies. The results of the stakeholder survey will also inform what operating elements of the QCA need review.

QCA Key Performance Indicators
Method and Evidence

Theme	KPI	Target/Benchmark	Method and Evidence
1 Efficiency and prudence of QCA costs and regulatory fees	1.1 QCA costs	<p>1.1.1 The QCA has a published Fee Framework that as a minimum will set out:</p> <ul style="list-style-type: none"> - the basis on which fees are to be calculated - how fees are to be notified to entities - circumstances in which fees will be reviewed. - The Fee Framework will be reviewed every 3 years <p>1.1.2 Estimated project costs to be advised in accordance with the QCA Fee Framework template listing detail of direct and indirect costs by 30 June annually.</p> <p>1.1.3 Regulated entity to be advised when actual costs exceed the notified estimate by 15%.</p>	<p>Total annual costs per regulated entity are based on sound and reasonable estimates.</p> <p>Cost to be tracked and reviewed monthly.</p>
	1.2 QCA Fee Framework	<p>1.2.1 The QCA will engage an independent audit firm annually to verify that fees charged to regulated entities have been charged in accordance with the current fee framework and any inconsistencies advised to the regulated entity within 10 working days and adjustments processed.</p>	<p>Review to confirm fees have been charged to entities in accordance with the QCA Fee Framework.</p> <p>Any inconsistencies may require Board to be notified and approval to corrective action hence the 30 day period to complete the process.</p>
	1.3 Continuous improvement to the cost efficiency of QCA's projects and operations.	<p>The QCA will adopt a continuous improvement approach to enhance our productivity by being agile, responsive, prudent and efficient in the allocation of resources and fees including achievement of agreed cost targets for projects.</p>	<p>All specialist services contracts must be assessed on a 'best value' cost efficiency basis.</p> <p>Discretionary employee expenses increase to be within annual CPI or 3% whichever is the greater, with grounds for increases beyond CPI to be reported on.</p> <p>Project cost targets to be set by Board.</p>
2 Timely and transparent processes	2.1 Timeliness of decisions on or under 'Access Undertakings'	<p>2.1.1 Project duration and final decisions not to exceed statutory provision.</p>	<p>Time taken to make final decisions on access undertakings (as per the statutory timeframe provisions in section 147A of the QCA Act). Time in excess of the statutory timeframe requires reasons and notification to the Treasurer or relevant Minister.</p>
	2.2 Timeliness of all other statutory decisions.	<p>2.2.1 Reporting completed within the Ministerial directive Terms of Reference.</p>	<p>Decisions, advice and recommendations delivered by the due date in response to Ministerial referrals, directions and delegations.</p>
	2.3 Availability of submissions and decisions.	<p>2.3.1 All non-confidential submissions and relevant QCA documents including reports, decisions and associated documents to be published on QCA website within 10 working days.</p> <p>2.3.2 All submissions that the submitter claims to be confidential in whole or in part are to be assessed within 30 working days.</p>	<p>Track proportion of projects for which all non-confidential submissions, reports and decisions are published on the QCA website.</p>
3 Effective and efficient regulatory outcomes	3.1 Effective processes for replacing access undertakings	<p>3.1.1 New access undertaking (AU) approved and published prior to the expiry of the previous (i.e. existing) undertaking for each regulated entity.</p>	<p>Proportion of access undertakings implemented in the financial year by the original terminating date in the preceding undertaking. This will support stability in the regulated environment.</p>

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4	Effective stakeholder engagement	4.1 Projects involving stakeholder input are well communicated.	<p>4.1.1 A 'Statement of Regulatory Intent or 'Information Notice' is published for all (100%) undertakings and water and electricity public reviews explaining the purpose, process and timeframe of the review and include opportunities for consultation and communication.</p> <p>4.1.2 An explanatory fact sheet is published for all (100%) pricing decisions and recommendations.</p>	Proportion of reviews commenced in the financial year for which QCA provided public notices outlining the nature of the review/task and intended process, including opportunities for stakeholder input.
		4.2 Opportunities for stakeholder consultation	4.2.1 Period of consultation over the life of the project to be at least 25% of total duration.	Proportionate period of consultation with stakeholders for major projects completed in the year.
		4.3 Digital engagement	4.3.1 The QCA will advise all QCA energy subscribers and invite participation in a webinar within 60 days following the making of all regional retail electricity pricing draft decisions.	Arrangements to be made to deliver a webinar and provide a comprehensive presentation to all subscribers. Webinar will be jointly hosted by the QCA and Chamber of Commerce and Industry.
		4.4 Regional Engagement	The QCA will convene a minimum of 5 stakeholder and community workshops prior to all regional retail electricity pricing final decisions.	Arrangements made to hold workshops at regional centres following all regional retail electricity draft pricing decisions
		4.5 Industry Consultation	The QCA will convene a minimum of 2 Consumer Advisory Committee workshops annually.	The QCA will engage with the Consumer Advisory Committee to canvas their views and feedback and consider all input for future decision-making.
		4.6 Industry Engagement	<p>The QCA will engage with regulated industries to foster mutually improved understanding between each other's operations and business.</p> <p>The QCA will keep regulated entities and other stakeholders informed about the direction of its thinking on important regulatory matters, and be open and responsive to stakeholder views on such matters.</p>	<p>The QCA will seek to have QCA professional staff visit the regulated entity to see firsthand the commercial operation and relevant capital works to gain a more comprehensive understanding of the business. This is intended to lead to better informed decision-making.</p> <p>As well as written notices, the QCA will make use of workshops, roundtables and other innovative industry engagement mechanisms.</p>