GasFields Commission Queensland

Annual Report 2013 – 2014

About this Report

This annual report reviews the activities and achievements of the GasFields Commission Queensland for the 2013-14 financial year against the strategic objectives and measures of success listed in the Commission's Portfolio Plan for 2013–14. It has been prepared in accordance with the Commission's regulatory reporting obligations under the *Financial Administration Accountability Act 2009* and the *Financial and Performance Management Standard 2009*.

Public availability and further information

This report, the Portfolio Plan 2013-14 and other publications by the GasFields Commission Queensland are available from http://www.gasfieldscommissionqld.org.au/gasfields/about-us/publications.html. To obtain a printed copy of this report, please contact the Commission on +61 4688 1612 or via the address below.

Additional reporting requirements are published online, available at http://www.gasfieldscommissionqld.org.au/gasfields/about-us/publications.html or through the Queensland Government Open Data website www.qld.gov.au/data

Interpreter service

The GasFields Commission Queensland is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty understanding the annual report, you can contact the GasFields Commission Queensland on 07 4613 8917 and we will arrange an interpreter to effectively communicate the report to you.

Have your say

The Commission hopes you find the GasFields Commission Queensland Annual Report 2013-14 useful and informative. This report is part of the Commission's commitment to keeping people informed about its role in managing and improving sustainable coexistence among rural landholders, regional communities and the onshore gas industry.

The Commission welcomes your comments about the design and content of the report. Please send your feedback to the General Manager, GasFields Commission Queensland, PO Box 102, Toowoomba, Q. 4350.

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18 September 2014

The Honourable Jeff Seeney MP
Deputy Premier
Minister for State Development,
Infrastructure and Planning
100 George Street
Brisbane Qld 4000

Dear Deputy Premier

I am pleased to present the Annual Report 2013 – 2014 and financial statements for the GasFields Commission Queensland.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements can be found at page 55 of this annual report.

Yours sincerely

John Cotter
Commissioner and Chairman
GasFields Commission Queensland

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2013-14 Performance Highlights

Chairman drove more than 40,000 km to meet with rural landowners, regional communities, local governments and onshore gas proponents	Convened four Community Leaders Council meetings and participated in more than 80 engagement activities across Queensland
Convened two Sustainable Futures Workshops for the development of sustainable rural and regional communities that coexist with the onshore gas industry	Actioned 111 inquiries from 54 landholders on a range of topics including land access, bores and coal seam gas (CSG) water
Reviewed legislation, policy and guidelines and made recommendations to government on diverse topics such as water, environmental rehabilitation and land access	Worked with the Queensland Government to develop CSG Globe, a free online interactive tool to provide greater information on gas wells and water bore data for landholders and the community
Produced the Land Access Checklist for Landholders to provide guidance for negotiating conduct and compensation agreements with onshore gas companies	Launched the GasFields Commission Queensland's new website as a source of credible information and scientific research for the community to access

About GasFields Commission Queensland

The GasFields Commission Queensland (the Commission) is an independent statutory body established to manage and improve sustainable coexistence among rural landholders, regional communities and the onshore gas industry. The Commission's head office is in Toowoomba, with a satellite office in Brisbane.

On 19 April 2012, the Hon Jeff Seeney, Deputy Premier and Minister for State Development, Infrastructure and Planning announced the appointment of John Cotter as Chair of the Commission. As part of the process of building the Commission, the Deputy Premier called for industry and community groups and members of the public to provide submissions to the Chair on the Commission's powers and functions. Public submissions were also sought for nominations for the roles of part-time Commissioners.

From the outset, it was intended that the Commission would be a separate, independent body, reporting to the Queensland Parliament. During 2012-13, the Department of State Development, Infrastructure and Planning (DSDIP), in consultation with Commissioners and drawing on public submissions on the Commission's powers and functions, developed legislation to fully operationalise the GasFields Commission Queensland as an independent statutory body.

Machinery of Government Changes

Prior to its formal establishment as an independent statutory body, the Commission was administratively part of DSDIP.

The Commission came into effect as an independent statutory body on 1 July 2013 under the *Gasfields Commission Act 2013* (the Act).

Powers and Functions

The Commission's powers and functions, as prescribed in the Act, include:

- reviewing legislation and regulatory frameworks
- obtaining and publishing educational information
- identifying and advising on coexistence issues
- convening parties for the purpose of resolving issues
- making recommendations to government and industry

Vision

Sustainable rural landholders and regional communities as a legacy of the onshore gas industry in Queensland.

Purpose

To manage and improve sustainable coexistence among rural landholders, regional communities and the onshore gas industry in Queensland.

Values

The Commission's core values are:

- personal connections
- transparency and objectivity
- independence
- consultative and communicative
- performing and delivering

Contribution to the Government's Objectives for the Community

The creation of the Commission was announced by the Queensland Government following the 2012 State Election. The Commission links closely to the Government's objectives articulated in *Getting Queensland Back on Track* and specifically the pledge to 'Grow a four pillar economy'.

The Commission recognises the importance of the agriculture and the onshore gas industries to Queensland's economy and their collective contributions to our food, fibre and energy needs. The Commission's role in managing coexistence of these two industries supports their sustainability which in turn contributes to boosting the Queensland economy.

Portfolios and Strategic Objectives

The strategic objectives of the Commission, as outlined in its Portfolio Plan 2013-14, are linked to individual portfolios.

- **Community and Business**
  - To improve the long term sustainability of regional communities through analysis of the social impacts of onshore gas industry development and maximising opportunities for local businesses and communities wherever possible.
- **Science and Research**
  - To establish working relationships with relevant research agencies to identify and share knowledge and help direct future scientific research and activities that pertain to the onshore gas industry including groundwater, salt and land management.
- **Local Government and Infrastructure**
  - To assist local governments to better plan and manage potential impacts to services and infrastructure, and take advantage of relevant opportunities, through improved information and communication with the onshore gas industry.
- **Water and Salt Management**
  - To ensure the quantity and quality of groundwater is not compromised, including monitoring of make good arrangements.
  - To promote the beneficial use of produced water and salt as a resource for landholders and the community.

- **Land Access**
  - To level the playing field in land access and compensation negotiations and ensure professional conduct is carried out by onshore gas industry workers while on private property.
- **Gas Industry Development**
  - To promote greater transparency about the onshore gas industry's activities and to ensure there are comprehensive standards and codes governing all aspects of the industry's performance.

Operating Environment

The Commission's operating environment is summarised by the strategic objectives outlined above, which have been identified as the six key areas for managing and improving coexistence among rural landholders, regional communities and the onshore gas industry in Queensland.

The Commission's deliverables and outcomes within each of these key areas are detailed within the individual portfolio pages contained in this report.

The Commission's key strategic risks and opportunities during 2013-14 and as outlined in the *GasFields Commission Queensland Strategic Plan 2014 – 2018*, include:

Risks	**Opportunities**
Inability to address / resolve incompatible stakeholder group expectations	Proactively managing coexistence issues in emerging onshore gas areas
Inability to maintain pace with industry development programs and related coexistence issues	Leading the development of strategies for long term infrastructure legacy: roads, communications
The Commission's appropriate allocation of resources to effectively manage growing onshore gas development and associated land access issues	Make greater use of government and industry partnerships to source and communicate accurate information to build community confidence
Maintaining community confidence in the Commission's independence given competing demands of stakeholders	Develop greater integration between onshore gas proponents in relation to co-existence issues
Inability to promote collaboration around scientific research to facilitate greater understanding of onshore gas impact on the environment	Be an active player in Regional Planning considerations

Two overarching themes will continue to drive delivery of the Commission's strategic objectives in the 2014-15 financial year:

- The proactive management of co-existence issues in emerging onshore gas areas in Queensland, including the Cooper Basin and North West Queensland
- The development and communication of accurate information to build community understanding and confidence in the onshore gas industry in Queensland

The Commission's Operational Plan for 2014-15 outlines operational actions over the next 12 months across all six portfolio areas.

Chairman's Report

This report marks the end of the first year of operation of the GasFields Commission Queensland as an independent statutory body and I am pleased to present our first annual report. The report provides an overview of the organisation's activities and achievements in its first financial year following the commencement of the *GasFields Commission Queensland Act 2013* on 1 July 2013.

The creation of the Commission and my appointment as the inaugural chairman was announced on 19 April 2012 by the Deputy Premier and Minister for State Development, Infrastructure and Planning, the Hon. Jeff Seeney MP. This announcement delivered on the government's commitment to address the needs of the communities affected by the growth of the onshore gas industry in Queensland.

The creation of this new entity provided a unique opportunity to build the legislative framework, including its powers, functions and membership, based on extensive public consultation. Parliamentary consideration of issues raised during this public consultation period culminated in the passage of the *GasFields Commission Bill* on 17 April 2013.

Similarly, the recruitment of commissioners involved a public submissions process. Six part-time commissioners were appointed on 12 June 2012 on the merits of their range of skills and experience. Their role is to guide the Commission to achieve its principal objective to manage and improve the sustainable coexistence of rural landholders, regional communities and the onshore gas industry in Queensland.

Strategic Objectives

The Commission's Portfolio Plan for 2013-14 captures our strategic objectives, which centre on six key areas for managing and improving coexistence: community and business; science and research; local infrastructure; water and salt management; land access; and gas industry development. Each of these priority portfolios is led by a commissioner with the relevant background and expertise.

The objectives and achievements for each of these key areas over the past 12 months are summarised in the portfolio section of this report.

In meeting these strategic objectives, the Commission has sought to publish relevant information, and encourage greater transparency from industry proponents and government in the publication of data which can help to improve and manage sustainable coexistence. This includes the development of a new Commission website over the last 12 months as a portal for providing credible information on these key areas.

Engagement

Critical to the Commission's role over the past 12 months has been its extensive on-the-ground engagement with rural landholders, regional communities and the onshore gas industry.

Over the past 12 months, I have personally driven more than 40,000 kilometres across many parts of regional Queensland, meeting both individually and collectively with landholders, community, government and onshore gas industry representatives to discuss a wide range of issues relating to coexistence.

Community Leaders Councils are the Commission's flagship community engagement events to bring together onshore gas company executives, landholders and community representatives from across Queensland to share information and engage in open and frank discussions around coexistence. In 2013-14, the Commission held four meetings – two relating to the Surat Basin in Roma (July 2013) and Chinchilla (March 2014) and two relating to the Bowen and Galilee Basins in Emerald (August 2013) and Moranbah (February 2014).

The Commission has also been liaising with landholder, community and industry representatives in emerging regions of onshore gas development in Queensland, including the Cooper Basin and North West Queensland. The Commission has taken a proactive approach to engagement with these regions as they experience increased exploration activity.

In addition, the Commissioners and staff participated in more than 80 other regional engagement activities during 2013-14, ranging from community consultative meetings, local government forums, onshore gas company meetings and regional economic development group meetings.

Most important has been our ongoing landholder liaison, usually in person at the farm gate, along with other activities in the regions. I have personally inspected pipeline easements and other infrastructure, as well as the ways that affected rural landscapes have been rehabilitated.

New Statutory Role

As of 13 June 2014, with the passage of the *Regional Planning Interests Act 2014,* the Commission's powers and functions were expanded to include a new statutory role in providing advice on regional planning interest applications. The new legislation seeks to manage the impact of resource activities and other regulated activities on areas of regional interest and manage the coexistence of these activities with other activities, for example, highly productive agricultural activities, in areas of regional interest.

The Commission was not required to provide advice on any relevant regional interest applications for the period of 2013-14.

It has been a challenging year and I would like to thank the Commissioners and staff for their dedication and contribution to establishing the Commission and helping to achieve its objectives in 2013-14.

John Cotter
Commissioner and Chairman

Engagement Activities

Strategic Objective

- To effectively communicate and engage with rural landholders, regional communities and the onshore gas industry in Queensland to improve sustainable coexistence.

Measures of Success

- Key community concerns, issues and the potential effects of policy decisions are identified and addressed while promoting opportunities in regional areas.
- Landholders and communities benefit from the experience and learnings of those further developed coexistence areas in other parts of the State.

Achievements

- The Commission convened Community Leaders Council North meetings in Emerald in August 2013 and in Moranbah in February 2014. The Commission also convened Community Leaders Council South meetings in Roma in July 2013 and in Chinchilla in March 2014.
- During the reporting period, the Commission participated and engaged in more than 10 community meetings and regional economic development group meetings across Roma, Chinchilla, Miles, Tara, Emerald, and Thargomindah to ensure that landholders and communities benefit from the experience and learnings of those further developed areas in other parts of the State.
- The Commission attended and actively engaged in excess of 65 stakeholder meetings at a local and regional level hosted by peak agriculture organisations, rural financial institutions, regional economic development agencies, local governments and onshore gas companies.
- The Commission identified common key issues and concerns across regional Queensland and convened meetings on specific issues with key stakeholder groups such as: agricultural financiers; Onshore Gas and Agriculture Weed Management Steering Group; rural valuers; Sustainable Futures Working Group; and senior leaders.
- In May 2014, the Commission launched its new website for the community to access credible information specifically in relation to community and business, science and research, local government and infrastructure, water and salt management, land access, and gas industry development.

Community & Business Portfolio

Strategic Objective

- To improve the long term sustainability of regional communities through analysis of the social impacts of onshore gas industry development and maximising opportunities for local businesses and communities wherever possible.

Measures of Success

- Working partnerships are established with stakeholders in regional communities, business groups, government and industry.
- The Commission is a recognised and effective advocate for regional communities and local business.

Achievements

- The Commission established and convened Community Leaders Council meetings in Emerald (North), Moranbah (North), Roma (South), Chinchilla (South). With representation from community, industry, landholders, state government, local government, and regional development agencies, these councils address issues affecting the coexistence of landholders, regional communities and the onshore gas industry in Queensland.
- The Commission convened two Sustainable Futures Workshops with representation from local government, the onshore gas industry and state government. The workshops were established to work towards best practice for the development of sustainable rural and regional communities that coexist with the onshore gas industry in Queensland.
- The Commission engaged with Chambers of Commerce and economic development agencies to disseminate information on key issues in their regions.
- The Commission developed and published information sheets relating to the needs of local communities: *Investing in Regional Communities*; and *Local Business Opportunities*.
- The Commission has established contact with various community organisations that support rural landholders and communities.

Science & Research Portfolio

Strategic Objective

- To establish working relationships with relevant research agencies to identify and share knowledge and help direct future scientific research and activities that pertain to the onshore gas industry including groundwater, salt and land management.

Measures of Success

- Policy and legislation development pertaining to the onshore gas industry take into consideration the results of relevant science and research activities.
- Relevant scientific research and studies are communicated to assist the broader community understanding of the onshore gas industry and its associated impacts.
- Working relationships are established with the relevant science and research agencies, at both Federal and State levels.

Achievements

- The Commission, together with the Office of the Queensland Chief Scientist, held a gas emissions workshop in Brisbane in November 2013 which brought together for the first time industry, researchers, regulators and policymakers on the issue of gas emissions and the development of the onshore gas industry in Queensland.
- The Commission has engaged with the Queensland Chief Scientist, the Federal Government's Independent Expert Scientific Committee on Coal Seam Gas and Coal Mining and the Office of Water Science to promote the coordination of research and information sharing.
- GasFields Commissioners, Ian Hayllor and Professor Steven Raine, have participated in the Condamine Stakeholder Reference Group for the Office of Groundwater Impact Assessment (OGIA) Condamine Connectivity Research Project. The Group provides advice on how research results on interconnectivity between aquifers and targeted coal seams can be shared with local farmers and community leaders. The project highlights the need for collaboration between researchers and industry to increase understanding and improve the overall knowledge of groundwater movement in the Condamine Alluvium.
- The Commission developed and published information sheets collating existing and planned science and research activities pertaining to the onshore gas industry in Queensland: *Groundwater Research in Queensland*; and *CSG Water Research in Queensland*.

Local Government & Infrastructure Portfolio

Strategic Objective

- To assist local governments to better plan and manage potential impacts to services and infrastructure, and take advantage of relevant opportunities, through improved information and communication with the onshore gas industry.

Measures of Success

- The Commission is a recognised and effective advocate and support for local governments in dealing with the development of the onshore gas industry.
- The Commission has a good understanding of the issues local governments face, ascertaining local authority information needs and initiative or brokering contacts that can meet those needs.

Achievements

- The Commission convened two Sustainable Futures Workshops with representation from local government, the onshore gas industry and state government to canvass broader local government and infrastructure issues.
- The Commission developed and published information sheets tailored for the needs of local government: *Social Impacts in Regional Communities;* and *Road Impacts in Regional Communities*.
- In October 2013, the Commission attended the annual Local Government Association of Queensland Conference in Cairns and engaged with local governments in emerging areas of onshore gas development to establish working links.
- The Commission identified local government areas where the onshore gas industry is increasing its exploration activities and visited local councillors and onshore gas proponents to share information.
- The Commission established an ongoing program of engagement with local government contacts through Community Leaders Council meetings with representation from industry, landholders, state government, and regional development agencies.

Water & Salt Management Portfolio

Strategic Objectives

- To ensure the quantity and quality of groundwater are not compromised, including monitoring of make good arrangements.
- To promote the beneficial use of produced water and salt as a resource.

Measures of Success

- The regulatory framework for underground water, coal seam gas (CSG) produced water and salt management addresses the key issues that have the potential to impact coexistence.
- The beneficial use of CSG produced water as a valuable resource, rather than a waste product, is promoted.

Achievements

- The Commission promoted and participated in two AgForce water field days in Roma and Miles, attended by more than 200 landholders. At these forums, groundwater experts from government and industry presented on the predicted impacts of CSG activity on the Great Artesian Basin.
- The Commission seeks regular updates from the CSG Compliance Unit and the Department of Environment and Heritage Protection (EHP) on the status of make good agreements (MGA) and related issues for landholders.
- The Commission provided input for the *General Beneficial Use Approval: Irrigation of Associated Water (including coal seam gas water);* and *General Beneficial Use Approval: Associated Water*.
- The Commission has provided initial input for the review of the *Water Act 2000*.
- The Commission developed and published region specific information sheets: *Groundwater Modelling and Monitoring; Hydrogeology of the Surat Basin; Groundwater Research in Queensland;* and *CSG Water Research in Queensland*.
- The Commission, in conjunction with the Department of Natural Resources and Mines, developed the *CSG Globe*, an online interactive tool that provides access to the location of gas wells and water monitoring bores.

Land Access Portfolio

Strategic Objective

- To level the playing field in land access and compensation negotiations and ensure professional conduct is carried out by onshore gas industry workers while on private property.

Measures of Success

- The Commission works closely with landholders and gas companies to identify and address systemic land access issues relevant to the onshore gas industry.
- Information is shared on best practice in land access conduct and compensation and mutual respect is promoted before, during and after the construction of infrastructure.

Achievements

- Wandoan district grazier and GasFields Commissioner Don Stiller developed a *Land Access Checklist for Landholders*, in conjunction with feedback from landholders, drawing on more than 15 years' personal experience negotiating conduct and compensation agreements (CCAs) with various resource companies and utilities.
- The Commission participated in and promoted CSG negotiation workshops facilitated by AgForce, which assist landholders in understanding their rights when dealing with onshore gas companies as well as providing updated information on project and infrastructure developments.
- The Commission positively influenced individual onshore gas proponents' delivery of "shed meetings" to assist in effectively disseminating details about proposed infrastructure to landholders at the property level.
- The Commission consulted with a range of landholder and community representatives and provided advice to government in relation to new regional planning legislation.
- In February 2013, the Queensland Government established the Land Access Implementation Committee (LAIC) to advise and oversee Land Access policy development. The Commission participated in the LAIC by providing input and comments assisting in the formulation of LAIC final recommendations which have been incorporated into new resources legislation.

Gas Industry Development Portfolio

Strategic Objective

- To promote greater transparency about the onshore gas industry's activities and to ensure there are comprehensive standards and codes governing all aspects of the industry's performance.

Measures of Success

- The two-way flow of information is improved between industry and the community about onshore gas industry activities, governance and responsibilities.
- The Commission identifies any areas of communication, governance and reporting of onshore gas industry activities from exploration to export where further work may be needed and makes appropriate recommendations to government.

Achievements

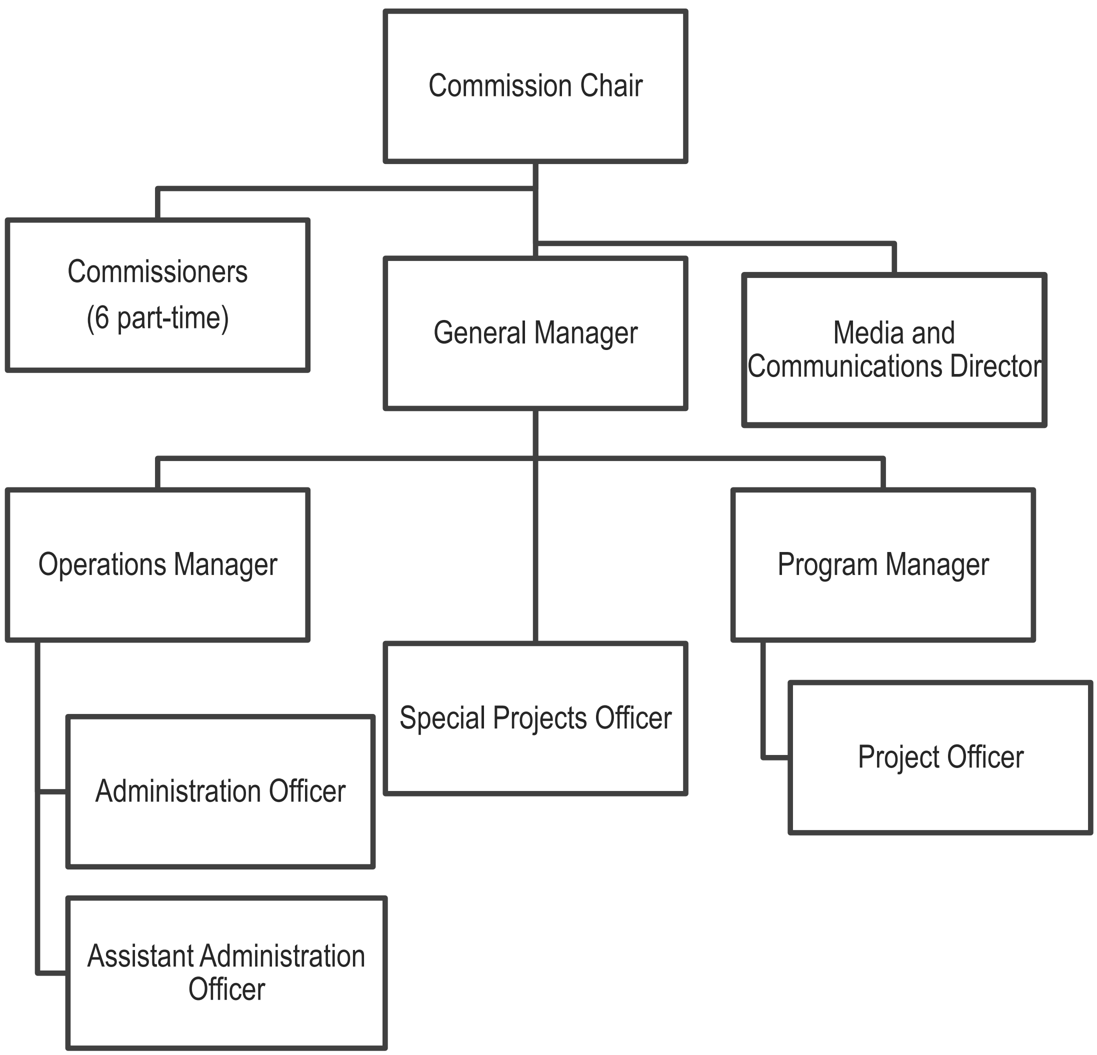
- In July 2013, the Commission researched and reported on standards and codes governing the onshore gas industry outlined in a summary: *Legislation standards and codes governing the onshore gas industry*.
- The Commission evaluated and made recommendations to Government on legislative reviews pertaining to industry standards and codes of practice, including: reviews of the *Water Act 2000*, the *Financial Assurance Guideline under the Environmental Protection Act 1994,* and *General Beneficial Use Approval: Irrigation of Associated Water (including coal seam gas water)*.
- In response to landholder and community requests for greater information and transparency about current and future CSG activity, the Commission identified some of the spatial information needs of rural landholders.
- The Commission, in conjunction with the Department of Natural Resources and Mines, developed *CSG Globe*, an online interactive tool that provides access to a vast range of online spatial data including petroleum tenures, gas wells, pipelines and water bores.
- The Commission liaises with the Department of Natural Resources and Mines' Coal Seam Gas Compliance Unit and the Department of Environment and Heritage Protection on a regular basis and seeks updates on industry compliance and landholder engagement.
- In July 2013 and January 2014, the Commission published six monthly updates on employment figures, local business spend, roads and community investment from the three major coal seam gas to liquefied natural gas (CSG-LNG) export projects in Queensland.

Corporate Governance

The Commission places great emphasis on corporate governance. Under the guidance of Commissioners, management has implemented an administrative framework which ensures that the Commission is managed in an effective and efficient manner.

A range of policies and procedures have been developed to ensure that the Commission's objectives are met whilst adhering to strict professional and ethical standards. Particular attention is paid to possible conflicts of interest. This includes Commissioners and staff absenting themselves from all decisions where conflicts of interest, real or perceived, may arise. These policies are regularly reviewed as part of a rolling system of appraisals.

Organisational Structure



The Board

The members of the Commission, collectively referred to as the Board, are responsible for the overall corporate governance of the Commission. The Board is responsible for setting the Commission's strategic direction, establishing goals for management and monitoring the achievement of goals.

Under the Act, the Commission comprises a full-time Commissioner who is the Chair and up to 6 part-time Commissioners. All Commissioners are appointed by the Governor in Council.

In deciding whom to recommend to the Governor in Council for appointment to the Commission, the Minister must be satisfied that they meet qualification requirements and that specific interest groups are represented.

Section 10 of the Act provides for persons nominated for appointment to have experience or qualifications in any of the following:

- the onshore gas industry
- a branch of science relating to the exploration or production of petroleum, or the impact of those activities on the environment
- legal practice relevant to the exploration or production of petroleum
- negotiations between landholders and the onshore gas industry
- land management
- land valuation
- community development
- the financial and business sector

Commissioners nominated must include:

- a commissioner who represents the interests of landholders and
- a commissioner who represents the interests of communities in which the onshore gas industry operates and
- a commissioner who represents the onshore gas industry

Commissioners are appointed for a term of no longer than three years, stated in their instrument of appointment. They may be re-appointed.

Board Profiles

John Cotter, GasFields Commission Queensland Chairman

As Chairman, Mr Cotter is responsible for the Commission's direction and outcomes. Mr Cotter works with his fellow Commissioners to manage and improve sustainable coexistence among rural landholders, regional communities and the onshore gas industry in Queensland. Mr Cotter is a beef producer and industry leader with more than 30 years of experience in rural advocacy. He is a former AgForce President and has successfully negotiated the rights of rural property owners in challenging times. Mr Cotter has a track record of bringing gas company senior executives, landholders, government and advocacy groups to the same table and leading open and frank discussions on co-existence.

Shane Charles, Commissioner – Community and Business

As Commissioner for Community and Business, Shane Charles works to ensure the long term sustainability of regional communities and maximise opportunities for local businesses. Mr Charles is a qualified lawyer and business manager and currently leads the regional development group, Toowoomba and Surat Basin Enterprise.

Steven Raine, Commissioner – Science and Research

As Commissioner for Science and Research, Professor Steven Raine identifies and shares knowledge and helps direct future scientific research into groundwater, salt and land management. Professor Raine is a leading academic and soil scientist. He is the Executive Director of the Institute for Agriculture and the Environment at the University of Southern Queensland in Toowoomba.

Ray Brown, Commissioner – Local Government and Infrastructure

As Commissioner for Local Government and Infrastructure, Ray Brown assists local governments to better understand and manage potential impacts on community services and plan infrastructure development. Mr Brown has been an agricultural producer for 35 years and is mayor of Western Downs Regional Council in the heart of the Surat Basin.

Ian Hayllor, Commissioner – Water and Salt Management

As Commissioner for Water and Salt Management, Ian Hayllor works to ensure access to, and quality of, groundwater are not compromised, and produced water is utilised for the benefit of regional communities. Mr Hayllor is a Dalby farmer and irrigator and has grown cotton and grain crops on the Darling Downs since the 1980s. He has built a reputation as a leader in engaging with the onshore gas industry.

Don Stiller, Commissioner – Land Access

As Commissioner for Land Access, Don Stiller focuses on levelling the playing field for land access and compensation negotiations to ensure professional conduct is carried out on private property. Mr Stiller is a beef producer and feedlot owner and has served in local government for a total of 23 years, including 11 years as Taroom Shire Council Mayor. Mr Stiller has extensive experience negotiating with resource companies on his properties.

Rick Wilkinson, Commissioner – Gas Industry Development

As Commissioner for Gas Industry Development, Rick Wilkinson seeks to ensure transparency and comprehensive standards and codes across the onshore gas industry in Queensland. Mr Wilkinson has worked in the petroleum industry for more than 25 years and is the Chief Technical Officer for the Australian Petroleum Production and Exploration Association (APPEA).

Attendances at Board Meetings

During financial year 2013-14, the Board met on 11 occasions with attendance by Commissioners as follows:

Commissioner	Position	Meetings attended
John Cotter	Chair	11
Shane Charles	Commissioner	11
Don Stiller	Commissioner	9
Steven Raine	Commissioner	11
Ray Brown	Commissioner	10
Ian Hayllor	Commissioner	10
Rick Wilkinson	Commissioner	10

Audit and Risk Management Committee

The Commission has established, in accordance with *the Financial and Performance Management Standard (2009)*, an Audit and Risk Management Committee (the Committee). This Committee comprises four Commissioners, with the General Manager and Operations Manager attending meetings as observers. This ensures appropriate separation between the Committee, as the body responsible for oversight and monitoring corporate governance within the Commission, and the managers responsible for the administration of the Commission.

The Committee focuses on developing the frameworks and procedures for effectively managing business risk and provides advice on the control mechanisms to mitigate the identified risks, protect the Commission's people, reputation and assets, and promote efficient and effective work practices.

It has the authority to:

- conduct or authorise investigations into matters within its scope of responsibility
- access information, records and officers of the Commission, as required
- request the attendance of any officer of the Commission at Committee meetings
- obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at the Commission's expense

The Committee is subject to the terms of reference developed to guide its operation, as outlined in its Charter.

Members and attendance at Audit and Risk Management Committee Meetings

During financial year 2013-14, the Committee met on 4 occasions with attendance by Committee Members as follows:

Commissioner	Position	Meetings attended
Steven Raine	Chair	4
Shane Charles	Member	4
Ray Brown	Member	3
Ian Hayllor	Member	4

External Reviews

In addition to being subject to auditing requirements under the *Financial Accountability Act 2009* and the *Auditor-General Act 2009*, the Commission sought an external independent review of its ethics and integrity framework in June 2014. This review examined:

- the Commission's adherence to corporate governance principles, policies and procedures
- the Commission's adherence to Code of Conduct obligations, including:
    - declaration of pecuniary interests
    - conflicts of interest
    - gifts and benefits
- the Commission's adherence to financial management principles, policies and procedures

The review was designed to ensure the Commission had effectively implemented the recommendations of an external review in June 2013, prior to the Commission's commencement as an independent statutory body on 1 July 2013.

The review confirmed the Commission had effectively implemented all key recommendations of the June 2013 report. No matters of major concern were noted, other than minor administrative and procedural improvements.

The Commission recognises its independence and integrity are fundamental to its role and effectiveness and has resolved to undertake an external ethics and integrity framework review on an annual basis. The Board has resolved that this annual review will be conducted in lieu of establishing an internal audit function.

Maintaining effective recordkeeping and information systems

The Commission recognises its obligations regarding the use and storage of, and access to, commercially sensitive information, particularly with respect to its powers to obtain information to support and manage co-existence. Accordingly, emphasis is placed on managing and protecting information, as well as maintaining confidentiality where appropriate.

In 2013–14, the Commission reviewed its recordkeeping and information systems, in consultation with external legal advice, with the intention of upgrading and improving its systems in the new financial year.

There have been no breaches of information security during the financial year.

Ethical Procedures, Values and Practices

The Commission is committed to maintaining the highest ethical standards in fulfilling its responsibilities and performing its functions. The Commission's planning practices, policies and procedures align with the ethical principles established in the *Public Sector Ethics Act 1994* (integrity and impartiality, promoting the public good, commitment to the system of government and accountability and transparency).

The Commission has adopted the Code of Conduct for the Queensland Public Service as it applies to the General Manager (appointed under the Act) and other officers of the Commission (appointed under the *Public Service Act 2008*). Commissioners' contracts include the requirement to abide by the Code of Conduct and to disclose any potential or actual conflicts of interest.

Disclosure of interests by commissioners is covered under Section 18 and 19 of the *GasFields Commission Act 2013*.

In addition, the Commission has adopted the Australian Institute of Company Directors Code of Conduct to the specific role and functions of the Commission for application to Commissioners.

In general, the Commission has adopted the whole-of-Government policies, procedures, directives and standards and relevant policies that apply to the Commission as a statutory body, developed by DSDIP. Where necessary, it has developed its own specific policies and procedures, in particular, those relating to Declaration of Interests. The Commission will review its suite of policies annually to ensure that they remain current and fit for purpose for the Commission's requirements.

During the 2013-14 financial year the Commission had no disclosures under the *Public Interest Disclosure Act 2010*.

Our People

Staff Profile

The Commission employed eight staff members as at 30 June 2014, equivalent to 7.9 Full-time equivalents (FTE). These include one General Manager (1 FTE) and seven full-time Commission staff (6.9 FTE). The General Manager is appointed on an individual employment agreement, as required in the *Gasfields Commission Act 2013*. Staff members are employed under the *Public Service Act 2008*.

Workforce Gender Composition

Women comprise 66.7 per cent of our permanent workforce and 50 per cent of all full-time positions at and above AO8 or equivalent classifications. Gender profiling is detailed in the table below.

	Gender	
Position	**Male**	**Female**
Management	2	2
AO3-AO7	0	4

Management Profiles

Ben Deverson, General Manager

Ben Deverson has extensive experience in general management, operations, governance, stakeholder relations, human resources management, and strategic and operational business planning. Ben is a graduate of the Royal Military College of Australia and spent seven years as an Australian Army Officer before discharging at the rank of Captain. Ben previously held the roles of Chief Operating Officer in Queensland for international accounting firm, BDO, followed by his appointment as General Manager Corporate Services for the RiverCity Motorway Group.

Amanda Thomas, Operations Manager

Amanda Thomas has a Bachelor of Science (Environmental Studies) from Griffith University and began her career in cotton before moving to animal health in a Territory Sales Manager role, based in Rockhampton for 12 years. Amanda previously held the roles of Economic Development Manager with Rockhampton Regional Development and Regional Manager for the Australian Red Cross.

Brendan Egan, Media and Communications Director

Brendan Egan is a graduate in agricultural science from the University of Queensland and has worked in a variety of communications and advisory roles supporting rural and regional Australia for more than 25 years. This included working for a national beef lobby group, as a rural reporter for ABC Radio, and as an advisor to regionally-based federal politicians. Brendan also has a Masters of International Business and has held various trade and investment roles supporting Australian food and agricultural exporters here and abroad.

Jackie Malone, Program Manager

Jackie Malone has extensive experience with the Queensland Government, including experience in government legislation and policy, contract management and strategic and business planning. Jackie also has experience in state-wide consultation and engagement on services provided to rural, regional and remote communities.

Equal Employment Opportunities

The Commission supports the principles underlying equal employment opportunities and actively ensures that its work environment adheres to these principles, the principles of anti-discrimination, and the avoidance of sexual harassment and bullying.

Workforce Planning

The Commission's staffing levels are based on the annual operational plan and budget. In addition, the Commission engages contractors for specialist advice and project work. Candidates for permanent employment undergo merit-based selection and are sourced through online and print advertising, as well as through recruitment agencies, referrals and direct applications.

Employee Performance Management Framework

All new staff members undergo a corporate induction program that includes human resource policies and procedures, the Commission's policies and procedures, IT systems and safety inductions, and general orientation. Each year, staff members are formally reviewed through a performance evaluation process that includes the development of annual performance and learning plans (which include professional development opportunities) and key performance indicators. The results of performance reviews are considered in the annual salary review process, and they inform decisions regarding staff suitability for salary increments, where applicable.

Flexible Work Arrangements

To the extent practicable, the Commission supports part-time work and flexible working hours. Furthermore, the Commission supports a healthy life/work balance and, to that end, encourages staff to take recreation leave on a regular basis.

Industrial and Employee Relations Framework

An employee consultation model is in place for the review and implementation of the Commission's policies and standard operating procedures. In addition, staff members receive training on changes to policy when new and/or revised policies are adopted. The General Manager manages any workplace complaints, investigations and WorkCover claims that may arise. Investigations may be outsourced where specialist knowledge or skills are required, or where there may be a perceived conflict of interest.

No workplace complaints, investigations or WorkCover claims were instituted in 2013-14.

Early Retirement, Redundancy and Retrenchment

No early retirement, redundancy or retrenchment packages were paid during this period.

Financial Summary

Detailed financial statements are included in a later section of this report. The Commission is totally reliant on annual grant funding from the Queensland State Government, with modest additional revenues generated from interest on cash balances.

Expenditure totalled $2.197 million, with the major items of expenditure being employee expenses ($1.694 million) and supplies and services, including travel, engagement activities and corporate service level agreements ($0.483 million).

The Commission received an unqualified audit report from the Auditor General confirming the Commission's financial statements were a true and accurate reflection of the Commission's transactions for the financial year 2013-14.

Comparison of Budget and Actual Results

In 2013–14, the Commission's revenue exceeded expenses, resulting in an operating surplus of by $0.344 million. The table below compares budget and actual results. Given that 2013-14 was the first year of independent operations, the Commission took a cautious approach to expenditure.

As the Commission has more clearly defined and refined its objectives relating to coexistence and the strategies of engagement to meet those objectives, it has been able to articulate operating costs more clearly. At the same time, the Commission has closely monitored internal resources and capacity to assess its ability to manage issues internally or through outsourcing. As the Commission matures, expenditure requirements will become more consistent.

	2013-14 Actual $ '000	**2013-14 Budget $ '000**	**Variance $ '000**
State Government Grant	2,500	2,500	-
Other Revenue	41	-	41
Total Revenue	2,541	2,500	41
Employee Expenses (including seven Commissioners)	1,694	1,740	46
Supplies and Services	483	749	266
Other Expenses	20	8	(12)
Total Expenditure	2,197	2,497	300
Operating Surplus (Deficit)	344	3	341
State Government Grant/Total Revenue	98.4%		
Employee Expenses/Total Expenditure	77.1%		

Significant Variances

Employee Expenses

Employee expenses were underspent due to lower than budgeted staff numbers and the timing of the recruitment of the General Manager.

Supplies and Services

With cautious spending throughout the 2013–14 financial year, supplies and services expenditure was under budget by $0.266 million. The main areas of budget savings include travel-related expenditure, the engagement of contractors and telecommunications charges.

In June 2014, the Commission embarked on a significant project to produce an online education portal on the entire lifecycle of the onshore gas industry and its coexistence with landowners and regional communities in Queensland. This project is expected to draw on the expertise of external agencies and professional bodies with appropriate research and technical competencies. It is projected to use a significant portion of the Commission’s operating surplus for 2013-14.

Gasfields Commission Queensland Financial Statements

for the financial year ended 30 June 2014

Gasfields Commission Queensland
Financial Statements 2013-14

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General Information

These financial statements cover Gasfields Commission Queensland. It has no controlled entities.

The Commission is controlled by the State of Queensland which is the ultimate parent.
The head office and principal place of business of the Commission is:
203 Tor Street
TOOWOOMBA QLD 4350

A description of the nature of the Commission's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the Commission's financial statements email enquiries@gfcq.org.au or visit the Commission's Internet site gasfieldscommissionqld.org.au.

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

Gasfields Commission Queensland

Statement of Comprehensive Income
for the year ended 30 June 2014

	Notes	2014 $'000
Income from Continuing Operations		
Grants and other contributions	2	2,500
Other revenue	3	41
Total Income from Continuing Operations		2,541
Expenses from Continuing Operations		
Employee expenses	4	1,694
Supplies and services	6	483
Other expenses	7	20
Total Expenses from Continuing Operations		2,197
Operating Result from Continuing Operations		344
Total Comprehensive Income		344

The accompanying notes form part of these statements.

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Gasfields Commission Queensland

Statement of Financial Position
as at 30 June 2014

	Notes	2014 $'000
Current Assets		
Cash and cash equivalents	**8**	485
Receivables	**9**	8
Other Current Assets	**10**	43
Total Current Assets		536
Total Assets		536
Current Liabilities		
Payables and Other Liabilities	**11**	79
Accrued employee benefits	**12**	113
Unearned Revenue	**13**	-
Total Current Liabilities		192
Total Liabilities		192
Net Assets		344
Equity		
Accumulated surplus		344
Total Equity		344

The accompanying notes form part of these statements.

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Gasfields Commission Queensland

Statement of Changes in Equity
for the year ended 30 June 2014

	Accumulated Surplus $'000	TOTAL $'000
Balance as at 1st July 2013	-	-
Operating Result from Continuing Operations	344	344
Balance as at 30 June 2014	344	344

The accompanying notes form part of these statements.

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Gasfields Commission Queensland

Statement of Cash Flows
for the year ended 30 June 2014

	Notes	2014 $'000
Cash flows from operating activities		
Inflows:		
Service Appropriation Receipts		2,500
GST collected from customers		-
GST input tax credits from ATO		37
Other		41
Outflows:		
Employee expenses		(1,581)
Supplies and services		(452)
GST paid to suppliers		(45)
GST remitted to ATO		-
Other		(15)
Net cash provided by (used in) operating activities	14	485
Net increase (decrease) in cash and cash equivalents		485
Cash and cash equivalents at beginning of financial year		-
Cash and cash equivalents at end of financial year	8	485

The accompanying notes form part of these statements.

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Gasfields Commission Queensland

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14

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Objectives and Principal Activities of the Commission

The Gasfields Commission Queensland ("the Commission") is an independent statutory body established under the *Gasfields Commission Act 2013*.The Commission's objective is to manage and improve sustainable coexistence among rural landholders, regional communities and the onshore gas industry in Queensland. This is the first year the Commission has prepared financial statements.

The Commission was established on 1 July 2013 with the following functions:

(a) facilitate better relationships between landholders, regional communities and the onshore gas industry;

(b) reviewing the effectiveness of government entities in implementing regulatory frameworks that relate to the onshore gas industry;

(c) advising Ministers and government entities about the ability of landholders, regional communities and the onshore gas industry to coexist within an identified area;

(d) making recommendations to the relevant Minister that regulatory frameworks and legislation relating to the onshore gas industry be reviewed or amended;

(e) making recommendations to the relevant Minister and onshore gas industry about leading practice or management relating to the onshore gas industry;

(f) advising the Minister and government entities about matters relating to the onshore gas industry;

(g) convening landholders, regional communities and the onshore gas industry for the purpose of resolving issues;

(h) obtaining particular information from government entities and prescribed entities;

(i) obtaining advice about the onshore gas industry or functions of the Commission from government entities;

(j) publishing educational materials and other information about the onshore gas industry;

(k) partnering with other entities for the purpose of conducting research related to the onshore gas industry; and

(l) convening advisory bodies to assist the commission to perform any function listed above.

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1. **Summary of Significant Accounting Policies**

(a) Statement of Compliance

Gasfields Commission Queensland has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009.*

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury and Trade's Minimum Reporting Requirements for the year ending 30 June 2014, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Commission has applied those requirements applicable to not-for-profit entities, as the Commission is a not-for-profit agency. Except where stated, the historical cost convention is used.

(b) The Reporting Entity

The financial statements include the value of all income, expenses, assets, liabilities and equity of the Commission. The Commission does not have any controlled entities.

(c) Grants and Other Contributions

Grants, contributions, donations and gifts which are non-reciprocal in nature are recognised as revenue in the year in which the Commission obtains control over them. Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements.

(d) Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

(e) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically. There is no allowance for impairment at 30 June 2014. No bad debts were written off at 30 June.

(f) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

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1. **Summary of Significant Accounting Policies (cont'd)**

(g) Financial Instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents - held at fair value through profit or loss
- Receivables - held at nominal value
- Payables - held at nominal value

The Commission does not enter transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the Commission holds no financial assets classified at fair value through profit or loss.

(h) Employee Benefits

Employer superannuation contributions and long service leave levies are regarded as employee benefits.

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.

Wages, Salaries and Sick leave

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

History to date indicates that on average, sick leave taken in each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

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

Annual Leave

The liability for annual leave is deemed to be current only and represents an accrued expense. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate.

Accrued annual leave is recognised in other payables and represents the amount which the Commission has a present obligation to pay resulting from employees' services provided up to balance date. The accrual has been calculated on remuneration rates expected to be paid when the liability is settled and includes related on-costs.

Long Service Leave

Under the Queensland Government's Long Service Leave Scheme, a levy is made on the Commission to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable. 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 Commission's financial statements, 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.*

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(h) Employee Benefits (cont'd)

Superannuation

Unless specified otherwise by the employee, employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The Commission's obligation is limited to its contribution to QSuper.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is 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.*

Therefore, no liability is recognised in the Commission's financial statements.

Key Management Personnel and Remuneration

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

(i) Insurance

The Commission's risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition, the Commission pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(j) Services Received Free of Charge or For Nominal Value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their value can be measured reliably. Where this is the case, an equal amount is recognised as a revenue and an expense.

(k) Taxation

The Commission is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Commission. GST credits receivable from, and GST payable to the ATO, are recognised (refer to Note 9).

(l) Issuance of Financial Statements

The financial statements are authorised for issue by the Chairman and the General Manager of the Gasfields Commission Queensland at the date of signing the Management Certificate.

(m) Accounting Estimates and Judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to 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.

No provision has been made for impairment loss on receivables. This assumes that all debts will be realised, given the nature and small number of debtor transactions recorded.

(n) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required.

No comparative information has been provided as this is the Commission's first year of operation.

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1. **Summary of Significant Accounting Policies (cont'd)**

(o) Implementation of the Shared Services Initiative

The Corporate Administration Agency (CAA) provides the Commission with corporate services under the "Shared Services Provider" model. The fees and terms of the services are agreed through a Service Level Agreement, negotiated annually and include:

- Financial services
- Human Resources recruitment and payroll

(p) New and Revised Accounting Standards

AASB 13 *Fair Value Measurement* became effective from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements apply to all of the Commission's assets and liabilities that are measured and/or disclosed at fair value or another measurement based on fair value. As at 30 June 2014, the Commission has no assets and liabilities measured at fair value and the standard has no impact on the Commission.

The revised AASB 119 *Employee Benefits* (effective for reporting periods on or after 1 January 2013) includes changed criteria for accounting for employee benefits as 'short-term employee benefits'. However, as the Commission is a member of the Queensland Government central scheme for long service leave, this change in criteria has no impact on the Commission's financial statements as the employer liability is held by the central scheme. The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. Where the Commission makes employer superannuation contributions to the QSuper defined benefit plan, the corresponding QSuper employer benefit obligation is held by the State. Therefore, those changes to AASB 119 will have no impact on the Commission.

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

Pursuant to AASB 1053, public sector entities like the Commission may adopt Tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the Tier 1 requirements. In the case of the Commission, Queensland Treasury and Trade is the regulator. Queensland Treasury and Trade has advised that its policy decision is to require adoption of Tier 1 reporting by all Queensland Government departments and statutory bodies (including the Commission) that are consolidated into the whole-of-Government financial statements. Therefore, the release of AASB 1053 and associated amending standards has had no impact on the Commission.

The Commission is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury and Trade. Consequently, the Commission has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. The Commission applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards with future commencement dates are as set out below.

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1. Summary of Significant Accounting Policies (cont'd)

(p) New and Revised Accounting Standards (cont'd)

AASB 1055 *Budgetary Reporting* applies from reporting periods beginning on or after 1 July 2014. The Commission will need to include in its 2014-15 financial statements the original budgeted figures from the Income Statement, Balance Sheet, Statement of Changes in Equity, and Cash Flow Statement as published in the 2014-15 Queensland Government's Service Delivery Statements. The budgeted figures will need to be presented consistently with the corresponding (actuals) financial statements, and will be accompanied by explanations of major variances between the actual amounts and the corresponding original budgeted figures.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2014 –

- AASB 10 *Consolidated Financial Statements ;*
- AASB 11 *Joint Arrangements ;*
- AASB 12 *Disclosure of Interests in Other Entities ;*
- AASB 127 (revised) *Separate Financial Statements;*
- AASB 128 (revised) *Investments in Associates and Joint Ventures ;*
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] ; and*
- AASB 2013-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities - Control and Structured Entities.*

AASB 10 redefines and clarifies the concept of control of another entity, and is the basis for determining which entities should be consolidated into an entity's financial statements. AASB 2013-8 applies the various principles in AASB 10 for determining whether a not-for-profit entity controls another entity. On the basis of those accounting standards, the Commission has reviewed the nature of its relationship with other entities that the Commission is connected with, including entities that are not currently consolidated, to determine the impact of AASB 2013-8. The Commission's conclusion, based on existing circumstances, is that it will not have any control over any additional entities.

AASB 11 deals with the concept of joint control and sets out new principles for determining the type of joint arrangement that exists, which in turn dictates the accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement. The Commission has assessed its arrangements with other entities to determine whether a joint arrangement exists in terms of AASB 11. Based on present arrangements, no joint arrangements exist. However, if a joint arrangement does arise in future, the Commission will need to follow the relevant accounting treatment specified in either AASB 11 or the revised AASB 128, depending on the nature of the joint arrangement.

AASB 9 *Financial Instruments* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]* will become effective for reporting periods beginning on or after 1 January 2017. The main impacts of these standards on the Commission are that they will change the requirements for the classification, measurement and disclosures associated with the Commission's financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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1. **Summary of Significant Accounting Policies (cont'd)**

(p) New and Revised Accounting Standards (cont'd)

The Commission has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the Commission's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the Commission enters into, it is not expected that any of the Commission's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2017-18 financial statements, all of the department's financial assets are expected to be required to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in Note 1(g) and Note 17). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the Commission's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

The Commission will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2017-18. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2017-18 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the Commission enters into, no significant ongoing disclosure impacts are expected.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Commission's activities, or have no material impact on the Commission.

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			2014 $'000
2.	**Grants and Other Contributions**		
	Contributions from Government		2,500
	Total		2,500
3.	**Other Revenue**		
	Interest		41
	Total		41
4.	**Employee Expenses**		
	Employee Benefits		
	Wages and salaries		1,264
	Employer superannuation contributions	*	151
	Annual leave expense	*	139
	Long service leave levy	*	22
	Employee Related Expenses		
	Workers' compensation premium	*	5
	Payroll tax	*	77
	Other employee related expenses	*	36
	Total		1,694

* Refer to Note 1(h).

The number of employees as at 30 June, including both full-time employees and part-time employees, measured on a full-time equivalent basis is:

	2014
Number of employees:	10

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5. Key Management Personnel and Remuneration Expenses

(a) Key Management Personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Commission during 2013-14. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position (Date resigned from position)
Chairman	Responsible, in consultation with other Commission members, to develop the strategies, objectives, and policies of the Commission and to ensure the Commission functions in a proper, effective and efficient manner.	Governor in Council appointed/*Gasfields Commission Act 2013*	1 July 2013
Commissioners (x6)	Develop the strategies, objectives and policies of the Commission and to ensure the Commission functions in a proper, effective and efficient manner.	Governor in Council appointed/*Gasfields Commission Act 2013*	1 July 2013
General Manager	Responsible for ensuring the Commission's function and objectives are fulfilled in accordance with the strategy, policies and programs approved by the Board.	Individual Common Law Contract with classification of General Manager/*Gasfields Commission Act 2013*	20 January 2014

(b) Remuneration Expenses

The remuneration policy of the Chairman and Commissioners is set by the Governor in Council. The remuneration of the General Manager is set by members of the Commission.

Total Remuneration comprises:

Short term benefits which include:

- Base - consisting of base salary, allowances and leave entitlements paid and provided for the entire year. For Part-time Commissioners, remuneration for approved out-of-session activity is also included; and
- Non-monetary benefits - consisting of provision of a motor vehicle together with fringe benefits tax applicable to the benefit.

Long term employee benefits include amounts expensed in respect of long service leave entitlements earned.

Post-employment benefits include amounts expensed in respect of employer superannuation obligations.

Termination benefits not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

No performance bonuses were paid to any key management personnel.

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5. Key Management Personnel and Remuneration Expenses (cont'd)
(b) Remuneration Expenses (cont'd)

1 July 2013 – 30 June 2014

Position (date resigned if applicable)	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses $'000	Non-Monetary Benefits $'000	$'000	$'000	$'000	$'000
Chairman	334	0	5	36	0	375
Commissioner	39	0	0	4	0	43
Commissioner	45	0	0	6	0	51
Commissioner	40	0	0	5	0	45
Commissioner	44	0	0	6	0	50
Commissioner	42	0	0	4	0	46
Commissioner	48	0	0	6	0	54
General Manager	99	0	2	8	0	109
Total Remuneration	691	0	7	75	0	773

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		2014 $'000
6.	**Supplies and Services**	
	Corporate service charges	205
	Consultants and contractors	51
	Travel	107
	Repairs and maintenance	48
	Motor Vehicle	26
	Stakeholder Engagement	28
	Communications	3
	Administration costs	15
	Sundry	-
	Total	483
7.	**Other Expenses**	
	Insurance	7
	External audit fees *	5
	Sponsorships	8
	Total	20

* Total audit fees paid to the Queensland Audit Office relating to the 2013-14 financial statements are estimated to be $11,000. There are no non-audit services included in this amount.

8.	**Cash and Cash Equivalents**	
	Cash at bank	485
	Total	485
9.	**Receivables**	
	GST receivable	8
	GST payable	-
	Total	8

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Gasfields Commission Queensland

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2013-14

	2014
10. Other Current Assets	
Prepayments - Other	43
Total	43
11. Payables and Other Liabilities	
Trade creditors	11
Audit fees	5
Accruals Other	53
Fringe Benefits Tax	4
Payroll tax clearing account	6
Total	79
12. Accrued Employee Benefits	
Current	
Salary and wages payable	4
Provision for annual leave	83
Superannuation payable	1
Accrued leave loading	9
Long service leave levy payable	16
Total	113
13. Other Current Liabilities	
Current	
Unearned Revenue	-
Total	-
14. Reconciliation of Operating Result to Net Cash from Operating Activities	
Operating surplus/(deficit)	344
Depreciation expense	-
Changes in assets and liabilities:	
(Increase)/decrease in receivables	-
(Increase)/decrease in GST receivable	(8)
(Increase)/decrease in leave receivable	-
(Increase)/decrease in prepayments	(43)
Increase/(decrease) payables and other liabilities	79
Increase/(decrease) in GST payable	-
Increase/(decrease) in accrued employee benefits	113
Net cash provided by/(used in) operating activities	485

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15. Commitments for Expenditure

There are no commitment for expenditure at 30 June 2014.

16. Contingencies

There are no legal or any other contingencies that are known to the Commission at 30 June 2014.

The Commission has not been subject to, and is not aware of any pending legal actions, litigations or any other court matters as of 30 June 2014.

17. Financial Instruments

(a) Categorisation of Financial Instruments

The Commission has the following categories of financial assets and financial liabilities:

Category	Note	2014 $'000
Financial Assets		
Cash and cash equivalents	**10**	485
Receivables	**9**	8
Total		**493**
Financial Liabilities		
Financial liabilities measured at amortised costs:		
Payables and Other Liabilities	**11**	79
Total		**79**

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17. Financial Instruments (cont'd)

(b) Financial Risk Management

The Commission's activities expose it to a variety of financial risks - interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Government and agency policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Commission.

All financial risk is managed by Executive Management under policies approved by the Commission. The Commission provides written principles for overall risk management, as well as policies covering specific areas.

The Commission measures risk exposure using a variety of methods as follows -

Risk Exposure	Measurement method
Credit Risk	Ageing analysis, earnings at risk
Liquidity Risk	Sensitivity analysis
Market Risk	Interest rate sensitivity analysis

(c) Credit Risk Exposure

Credit risk exposure refers to the situation where the Commission may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

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17. Financial Instruments (cont'd)

(c) Credit Risk Exposure (cont'd)

Aging of past due but not impaired as well as impaired financial assets are disclosed in the following table:

2014 Financial Assets Past Due But Not Impaired

	Less than 30 Days	Overdue 30-60 Days	61-90 Days	More than 90 Days	Total
	$'000	$'000	$'000	$'000	$'000
Financial Assets					
Receivables	8				8
Total	**8**	**-**	**-**	**-**	**8**

(d) Liquidity Risk

Liquidity risk refers to the situation where the Commission may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Commission is exposed to liquidity risk in respect of its payables.

The Commission manages liquidity risk through the use of management reports. These reports aim to reduce the exposure to liquidity risk by ensuring the Commission has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

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17. Financial Instruments (cont'd)

(d) Liquidity Risk (cont'd)

The following table sets out the liquidity risk of financial liabilities held by the Commission. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date.

		2014 Payable in			Total
		<1year	1-5 years	>5 years	
	Note	$'000	$'000	$'000	$'000
Financial Liabilities					
Payables and Other Liabilities	11	79	-	-	79
Total		**79**	**-**	**-**	**79**

(e) Market Risk

The Commission does not trade in foreign currency and is not materially exposed to commodity price changes. The Commission is exposed to interest rate risk through its cash deposits in interest bearing accounts. The Commission does not undertake any hedging in relation to interest risk and manages its risk through the management reports.

(f) Interest Rate Sensitivity Analysis

The Commission does not have any borrowings or investments therefore is not exposed to interest rate movements.

(g) Fair Value

The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any provision for impairment.

18. Events subsequent to the balance sheet date

The Commission did not have any events that occurred after the balance sheet date to be reported in the financial statements.

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Management Certificate
for Gasfields Commission Queensland

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

(a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects, and

(b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Gasfields Commission Queensland for the financial year ended 30 June 2014 and of the financial position of the Commission 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.

John Cotter
Chairman
Gasfields Commission Queensland

Date: 7/8/14

Ben Deverson
General Manager
Gasfields Commission Queensland

Date: 7 August 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of the GasFields Commission Queensland

Report on the Financial Report

I have audited the accompanying financial report of GasFields Commission Queensland, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chairman and the General Manager.

The Board's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

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

(a) I have received all the information and explanations which I have required; and

(b) in my opinion –

    (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and

    (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the GasFields Commission Queensland for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year; and

Other Matters - Electronic Presentation of the Audited Financial Report

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

QUEENSLAND
- 7 AUG 2014
AUDIT OFFICE

N GEORGE CPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

Compliance Checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	• **A letter of compliance from the accountable officer or statutory body to the relevant Minister**	ARRs – section 8	Inside front cover
Accessibility	• **Table of contents** • **Glossary**	ARRs – section 10.1	Inside front cover Inside back cover
	• **Public availability**	ARRs – section 10.2	Inside front cover
	• **Interpreter service statement**	*Queensland Government Language Services Policy* ARRs – section 10.3	Inside front cover
	• **Copyright notice**	*Copyright Act 1968* ARRs – section 10.4	Inside front cover
	• **Information Licensing**	*QGEA – Information Licensing* ARRs – section 10.5	n/a
General information	• **Introductory Information**	ARRs – section 11.1	About GasFields Commission Queensland Chairman's Report
	• **Agency role and main functions**	ARRs – section 11.2	About GasFields Commission Queensland
	• **Operating environment**	ARRs – section 11.3	Corporate Governance
	• **Machinery of government changes**	ARRs – section 11.4	About GasFields Commission Queensland
Non-financial performance	• **Government's objectives for the community**	ARRs – section 12.1	About GasFields Commission Queensland
	• **Other whole-of-government plans / specific initiatives**	ARRs – section 12.2	n/a
	• **Agency objectives and performance indicators**	ARRs – section 12.3	Performance Highlights Portfolios (all)
	• **Agency service areas~~,~~ and service standards**	ARRs – section 12.4	n/a
Financial performance	• **Summary of financial performance**	ARRs – section 13.1	Financial Summary
Governance – management and structure	• **Organisational structure**	ARRs – section 14.1	Corporate Governance
	• **Executive management**	ARRs – section 14.2	Our People
	• **Related entities**	ARRs – section 14.3	n/a
	• **Government bodies**	ARRs – section 14.4	n/a

Compliance Checklist

Summary of requirement		Basis for requirement	Annual report reference
	• ***Public Sector Ethics Act 1994***	*Public Sector Ethics Act 1994* (section 23 and Schedule) ARRs – section 14.5	Corporate Governance
Governance – risk management and accountability	• **Risk management**	ARRs – section 15.1	Corporate Governance
	• **External scrutiny**	ARRs – section 15.2	Corporate Governance
	• **Audit committee**	ARRs – section 15.3	Corporate Governance
	• **Internal audit**	ARRs – section 15.4	Corporate Governance
	• **Public Sector Renewal**	ARRs – section 15.5	n/a
	• **Information systems and recordkeeping**	ARRs – section 15.6	Corporate Governance
Governance – human resources	• **Workforce planning, attraction and retention, and performance**	ARRs – section 16.1	Our People
	• **Early retirement, redundancy and retrenchment**	Directive No.11/12 *Early Retirement, Redundancy and Retrenchment* ARRs – section 16.2	n/a
Open Data	• **Open Data**	ARRs – section 17	published online
Financial statements	• **Certification of financial statements**	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1	Financial Statements
	• **Independent Auditors Report**	FAA – section 62 FPMS – section 50 ARRs – section 18.2	Financial Statements
	• **Remuneration disclosures**	*Financial Reporting Requirements for Queensland Government Agencies* ARRs – section 18.3	Financial Statements

FAA *Financial Accountability Act 2009* FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*