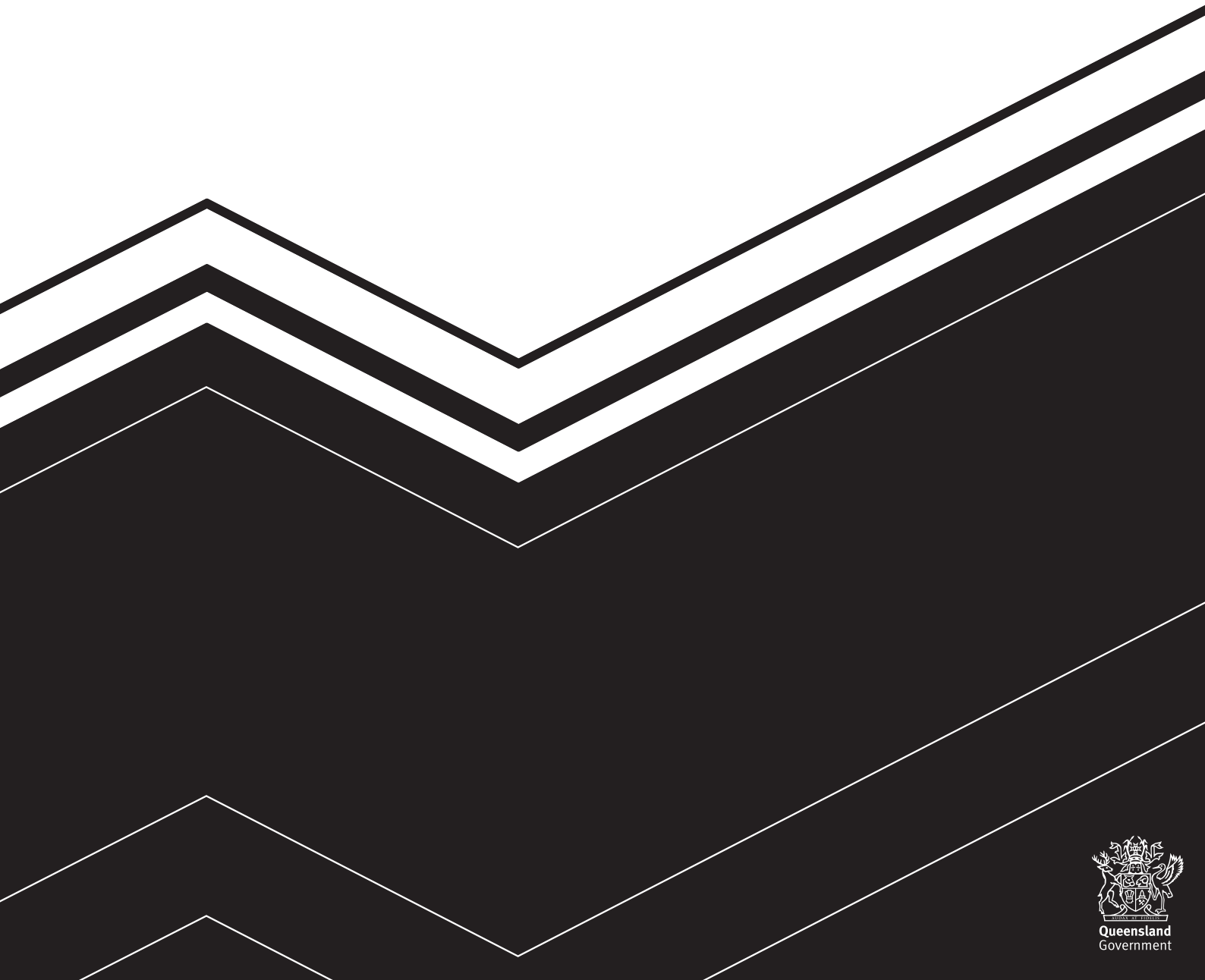


Service Delivery Statements

Department of Energy and Water Supply



2016-17 Queensland Budget Papers

- 1. Budget Speech**
- 2. Budget Strategy and Outlook**
- 3. Capital Statement**
- 4. Budget Measures**
- 5. Service Delivery Statements**

Appropriation Bills

Budget Highlights

The Budget Papers are available online at

www.budget.qld.gov.au

© Crown copyright
All rights reserved
Queensland Government 2016

Excerpts from this publication may be reproduced, with appropriate acknowledgement, as permitted under the Copyright Act.

Service Delivery Statements

ISSN 1445-4890 (Print)
ISSN 1445-4904 (Online)



Department of Energy and Water Supply

Summary of portfolio

Page	Department of Energy and Water Supply
2	Department of Energy and Water Supply - controlled
	Department of Energy and Water Supply - administered

Portfolio overview

Ministerial and portfolio responsibilities

The table below represents the agencies and services which are the responsibility of the Minister for Main Roads, Road Safety and Ports and Minister for Energy, Biofuels and Water Supply:

<p>Minister for Main Roads, Road Safety and Ports and Minister for Energy, Biofuels and Water Supply</p> <p>The Honourable Mark Bailey MP</p>
<p>Department of Energy and Water Supply</p> <p>Director-General: Professor Paul Simshauser</p>
<p>Service area 1: Energy</p>
<p>Service area 2: Water Supply</p>

Departmental overview

The department's vision is to be a world-class regulatory and policy agency enabling resilient, affordable and adaptable energy and water supply industries for Queenslanders.

The department contributes to the Queensland Government's objectives for the community by supporting the creation of jobs and a diverse economy and protecting the environment through building renewable energy industries. We will also support building safe, caring and connected communities by ensuring infrastructure and drinking water is reliable and safe, whilst continuing an effective working relationship with the Energy and Water Ombudsman Queensland.

The department's objectives for 2016-17 are:

- whole-of-government leadership on energy and water supply policy and regulation - delivering better outcomes for Queensland
- engagement with our partners to ensure the best possible outcomes for stakeholders
- to ensure efficiency and effectiveness of Agency operations
- to learn and grow, building the capability and capacity of our workforce.

During 2016-17 the department's key priorities are to:

- continue and improve the strong governance of the government-owned corporations, including the merger of Ergon Energy Queensland Pty Ltd and Energex Limited
- implement the *Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Act 2015* to help grow Queensland's biofuel and bio-manufacturing industries
- ensure the successful rollout of Solar 60 (the 60-megawatt large-scale solar energy auction) in partnership with the Australian Renewable Energy Agency, to support private investment and jobs in the renewable energy industry
- increase our focus on the Council of Australian Governments Energy Council national energy reforms in key priorities of gas supply, emerging technologies, system stability and energy productivity
- progress local management arrangements of SunWater's regional channel irrigation schemes
- work with the proponents on establishment of water infrastructure planning studies, funded under the National Water Development Infrastructure Fund.

Through an analysis of our operating environment, the department has assessed the following factors that may impact on our operations:

- using data insights to deliver better advice and outcomes
- appropriately managing the impact of external forces on the department's owned or managed infrastructure
- focusing on global advances and trends that are transforming our sectors.

Service performance

Performance statement

Energy

Service area objective

Ensuring Queensland's energy sector is efficient, equitable and sustainable. Our work contributes to an adaptive, resilient energy sector that powers consumer value and choice and Queensland's economic growth and prosperity.

Service area description

The functions of the Energy service area are to:

- protect energy customers by regulating the energy industry and assisting energy entities to comply with relevant legislation. The department does this through:
 - energy (gas and electricity) licensing
 - community infrastructure designations
 - policy and legislation advice
 - the payment of community service obligations
 - energy emergency planning
 - development and implementation of policy for alternative energy and biofuels
 - supporting the Shareholding Minister in his oversight role with the energy government-owned corporations (GOCs)
- develop and implement policy that has a long term positive effect on end use consumers of energy, including policies to strengthen consumer advocacy and safeguard the interests of vulnerable consumers. We provide a dedicated customer engagement team to provide energy information to customers
- manage the interface between market changes (including those driven by renewable and energy efficient technologies) and policy and regulatory response. We work with national, state and industry partners to ensure customer and industry needs are met and opportunities are realised.

Services

- Energy strategy
- Energy regulation

2016-17 service area highlights

In 2016-17 the service area will:

- develop and implement Government responses to the independent Queensland Productivity Commission review into electricity prices and a fair price for solar power produced by small customers and exported into the grid
- undertake a renewable energy study to investigate policy measures to support the creation of an export-oriented renewable energy sector (including establishing an independent expert panel to investigate how Queensland can achieve a target of 50 per cent renewable energy by 2030)
- ensure the successful rollout of Solar 60 (the 60-megawatt large-scale solar energy auction) in partnership with the Australian Renewable Energy Agency, to support private investment and jobs in the renewable energy industry
- investigate whether the provision of electricity in remote areas can be opened up to competition from local governments, including consideration of a legislative mechanism for local governments to take control of their power generation and distribution needs
- support the Government's A Solar Future commitments, including an aspirational target for a million solar residential rooftops, or 3,000 megawatts of installed solar photovoltaic capacity by 2020
- provide advice on a better functioning and more dynamic domestic gas market

- implement the *Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Act 2015* to help grow Queensland's biofuels and bio-manufacturing industries
- implement key government commitments relating to energy, including:
 - continuing to subsidise regional power prices under the community service obligation and maintain the Uniform Tariff Policy to keep regional power prices in line with metropolitan prices
 - supporting the delivery of the Government's commitment to merge the energy network GOCs (and to retain the headquarters of the new Energy Queensland merged entity in Townsville)
 - providing a stable and welcoming regulatory environment to encourage private sector investment in renewable energy
 - increasing our focus on the Council of Australian Governments Energy Council national energy reforms in key priorities of gas supply, emerging technologies, system stability and energy productivity.

Department of Energy and Water Supply	Notes	2015-16 Target/Est.	2015-16 Est. Actual	2016-17 Target/Est.
Service area: Energy				
Service: Energy strategy				
Service standards <i>Effectiveness measure</i> Overall stakeholder satisfaction with Queensland's engagement on national and state energy policy issues	1	New measure	New measure	80%
<i>Efficiency measure²</i>				
Service: Energy regulation				
Service standards <i>Effectiveness measures</i> Level of compliance with energy regulatory requirements by electricity generation, transmission and distribution entities and special approval holders and gas distribution entities: - compliance monitoring of electricity and gas licence holders (including annual reporting and fees) - complete applications for electricity and gas authorities assessed within four months of receipt of all information and withstand scrutiny under judicial review Community infrastructure designation requests processed within four months of receipt of all information to the relevant Minister and withstand scrutiny under judicial review	3, 4	90% New measure 90%	90% New measure 90%	90% 90% 90%
<i>Efficiency measure²</i>				

Notes:

1. This new face-to-face survey of key stakeholders on engagement on Queensland's energy policy issues, at both the state and national levels, will provide levels of overall satisfaction with the department's approach, and quality of engagement activities undertaken. This survey will be able to draw on some of the previous survey's data for longitudinal information, however, the stakeholder group may change from year to year.
2. Efficiency measures will be developed for this service area and will be included in a future *Service Delivery Statement*.
3. With the transfer of retail regulatory functions to the Australian Energy Regulator, this introductory statement has been amended to more accurately describe the entities that must comply with State energy regulatory requirements.
4. 90% of electricity and gas authorities will be processed within four months of the receipt of all final information requirements, and withstand scrutiny under judicial review as described in the *Judicial Review Act 1991*. This supports the efficient approval of new energy entities operating in Queensland.

Water Supply

Service area objective

Implement water sector reform to ensure the delivery of safe, reliable and cost effective water supplies and the safety of referable dams, and to plan for water supply security and flood mitigation.

Service area description

The functions of the service area are to:

- partner with water service providers to develop regional water supply security assessments in selected regions, to assess water supply availability/security and potential risks
- provide advice on possible temporary full supply levels for the State's flood mitigation dams
- develop and implement policy on State and national water issues, and facilitate changes to water supply, and related legislation
- provide economic evaluation, and advice, on bulk and rural water pricing, and represent the Minister for Energy, Biofuels and Water Supply on matters related to state-owned water entities
- manage a suite of non-commercial water assets held by the State
- regulate the quality of drinking water supplied by registered water service providers; the quality of recycled water supplied by certain recycled water providers; and the economic sustainability of critical water-related infrastructure in Queensland
- register, assess and monitor the safety of referable dams' management in Queensland.

Services

- Water supply strategy
- Water supply regulation

2016-17 service area highlights

In 2016-17 the service area will:

- progress refurbishment works for two of the department's non-commercial assets
- progress Regional Water Supply Security Assessments
- progress local management arrangements of SunWater's eight channel irrigation schemes - commencing with the Eton, Emerald, St George and Theodore channel schemes
- undertake actions relevant to the department arising from the Queensland Government's consideration of the report of the independent review into the operation of Callide Dam during the flood arising from ex-Tropical Cyclone Marcia
- collaborate with the Australian Government on the rollout of the National Water Infrastructure Development Fund to ensure Queensland water supply is secure and delivers strong economic benefits for the State.

Department of Energy and Water Supply	Notes	2015-16 Target/Est.	2015-16 Est. Actual	2016-17 Target/Est.
Service area: Water Supply				
Service: Water supply strategy				
Service standards <i>Effectiveness measure</i> Overall stakeholder satisfaction with Queensland's engagement on water supply policy issues	1	New measure	New measure	80%
<i>Efficiency measure²</i>				
Service: Water supply regulation				

Department of Energy and Water Supply	Notes	2015-16 Target/Est.	2015-16 Est. Actual	2016-17 Target/Est.
Service standards <i>Effectiveness measures</i> Percentage of the State's drinking water services that have appropriate drinking water quality monitoring and response frameworks in place	3	100%	100%	100%
<i>Efficiency measure²</i>				

Notes:

1. This new face-to-face survey of key stakeholders on engagement on Queensland's water supply policy issues, at both the state and national levels, will provide levels of overall satisfaction with the department's approach, and quality of engagement activities undertaken. This survey will be able to draw on some of the previous survey's data for longitudinal information however the stakeholder group may change from year to year.
2. Efficiency measures are being developed for this service area and will be included in a future *Service Delivery Statement* following an internal testing period.
3. Over 90 per cent of Water Service Providers have drinking water quality management plans (DWQMP) in place. Any new service providers registered may not have a DWQMP in place straight away – as the legislation gives 12 months to do so; however they do receive a Monitoring and Reporting Notice in the interim. Ultimately, it is up to service providers to ensure they have an approved DWQMP, with the department taking compliance action if they do not.

Discontinued measures

Performance measures included in the 2015-16 *Service Delivery Statements* that have been discontinued or replaced are reported in the following table with estimated actual results.

Department of Energy and Water Supply	Notes	2015-16 Target/Est.	2015-16 Est. Actual	2016-17 Target/Est.
Service area: Energy				
Initiatives of PowerQ, the 30 Year Electricity Strategy, as they relate to DEWS, are being delivered and implemented	1	90%	90%	Discontinued measure
Level of stakeholder satisfaction with engagement on key programs/initiatives (rated satisfied or very satisfied)	2	80%	80%	Discontinued measure
Service area: Water Supply				
Initiatives of WaterQ, a 30-Year Water Strategy, as they relate to DEWS, are being delivered and implemented	3	90%	90%	Discontinued measure
Level of stakeholder satisfaction with engagement on key programs/initiatives (rated satisfied or very satisfied)	4	80%	80%	Discontinued measure

Notes:

1. The 30 Year Electricity Strategy for Queensland, PowerQ is under review and the measurement of the delivery of activities does not demonstrate the outcome of the long term strategy.
2. The existing online survey of stakeholders on the department's key programs/initiatives, such as PowerQ is no longer relevant whilst this long term strategy is under review.
3. The 30 Year Water Strategy, WaterQ is under review and the measurement of the delivery of activities does not demonstrate the outcome of the long term strategy.
4. The existing online survey of stakeholders on the department's key programs/initiatives, such as WaterQ is no longer relevant whilst this long term strategy is under review.

Administered items

Administered activities are those undertaken by departments on behalf of the Government.

The Department of Energy and Water Supply administers funds on behalf of the State which include:

Community Service Obligation Payments

- The Government's Uniform Tariff Policy ensures that all Queensland non-market electricity customers of a similar type pay the same price for electricity, regardless of where they live. As these prices do not reflect the full cost of electricity supply for most remote and regional Queenslanders, the Government provides funding to Ergon Energy Queensland Pty Ltd to cover the difference between the costs of supply allowed for in the regulated tariffs and the costs in the Ergon Energy area.
- Through an appropriation administered by the department, the Government provides Community Service Obligation (CSO) payments to Ergon Energy Queensland Pty Ltd, the electricity retailer responsible for supplying the majority of non-market customers in regional Queensland.
- In addition, Origin Energy retails electricity to approximately 5,450 Queensland non-market customers in the Goondiwindi, Texas and Inglewood areas who are supplied electricity through the New South Wales distribution network. In the absence of the Uniform Tariff Policy, these customers would pay the full cost of supplying electricity. The Government provides a rebate to these customers, via Origin Energy, to ensure that they pay no more for electricity than other similar customers in Queensland.
- It is estimated that electricity related CSO payments in 2016-17 will total \$561.2 million.
- The department also provides CSO payments to SunWater and Seqwater estimated to be \$11.7 million in 2016–17. These payments are made to Seqwater for the provision of rural irrigation services and to SunWater in relation to the provision of rural irrigation services and the Cloncurry water pipeline.

Non-Commercial Water Assets

- The department is responsible for 22 non-commercial assets including water supply dams and weirs. These structures provide a range of services and public values including recreation and water supply for mining, irrigation and construction. The department also currently maintains a series of agricultural levee banks along the Mary River. The operational function includes recurrent spending of \$6.7 million.

Financial statements and variance explanations in relation to administered items appear in the departmental financial statements.

Departmental budget summary

The table below shows the total resources available in 2016-17 from all sources and summarises how resources will be applied by service area and by controlled and administered classifications.

Department of Energy and Water Supply	2015-16 Budget \$'000	2015-16 Est. Actual \$'000	2016-17 Budget \$'000
CONTROLLED			
Income			
Appropriation revenue ¹			
Deferred from previous year/s	7,793	4,934	7,676
Balance of service appropriation	37,721	38,843	49,491
Other revenue	4,573	4,576	4,711
Total income	50,087	48,353	61,878
Expenses			
Energy	26,038	23,825	34,388
Water Supply	24,049	24,528	27,490
Total expenses	50,087	48,353	61,878
Operating surplus/deficit	..	..	..
Net assets	14,280	14,348	14,348
ADMINISTERED			
Revenue			
Commonwealth revenue	..	..	..
Appropriation revenue	465,849	525,835	592,534
Other administered revenue	260	260	269
Total revenue	466,109	526,095	592,803
Expenses			
Transfers to government	260	260	269
Administered expenses	465,849	525,835	592,534
Total expenses	466,109	526,095	592,803
Net assets	220,297	218,059	209,353

Note:

1. Appropriation revenue includes State and Commonwealth funding.

Service area sources of revenue¹

Sources of revenue 2016-17 Budget					
Department of Energy and Water Supply	Total cost \$'000	State contribution \$'000	User charges and fees \$'000	C'wealth revenue \$'000	Other revenue \$'000
Energy	34,388	29,815	..	..	4,573
Water Supply	27,490	27,352	..	..	138
Total	61,878	57,167	..	..	4,711

Note:

1. Explanations of variances are provided in the financial statements.

Budget measures summary

This table shows a summary of budget measures relating to the department since the 2015-16 State Budget. Further details are contained in *Budget Paper 4*.

Department of Energy and Water Supply	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Revenue measures					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
Expense measures					
Administered	..	9,934	..	..	..
Departmental ¹	4,194	15,172	249	297	324
Capital measures					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..

Note:

- Figures reconcile with *Budget Paper 4*, including the whole-of-government expense measures 'Brisbane CBD government office agency rental impacts' and 'Reprioritisation allocations'.

Departmental capital program

Capital budget

Department of Energy and Water Supply	Notes	2015-16 Budget \$'000	2015-16 Est. Actual \$'000	2016-17 Budget \$'000
Capital purchases¹				
Total land, buildings and infrastructure	2	2,053	..	..
Total plant and equipment		64	64	..
Total other capital		..	..	..
Total capital purchases		2,117	64	..

Notes:

1. For more detail on the agency's capital acquisitions please refer to *Budget Paper 3*.
2. The capital budget for 2015-16 was reallocated to operating expenses for repairs and maintenance of Water Infrastructure Assets.

Staffing¹

Department of Energy and Water Supply	Notes	2015-16 Budget	2015-16 Est. Actual	2016-17 Budget
Energy	2,3	96	98	104
Water Supply	2,3	121	122	120
TOTAL	4	217	220	224

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Corporate FTEs are allocated across the service to which they relate.
3. The department also participates in a partnership arrangement, whereby it receives corporate services from the Department of Environment and Heritage Protection, Department of Agriculture and Fisheries and the Department of Natural Resources and Mines.
4. Permanent FTEs have reduced from 217 in the 2015-16 Budget to 215 in the 2016-17 Budget. FTEs have increased overall due to temporary positions associated with limited life funded projects including the next stage of the Local Management Arrangements, the implementation of the Biofuels Mandate and the Energy Consumer Education Campaign.

Budgeted financial statements

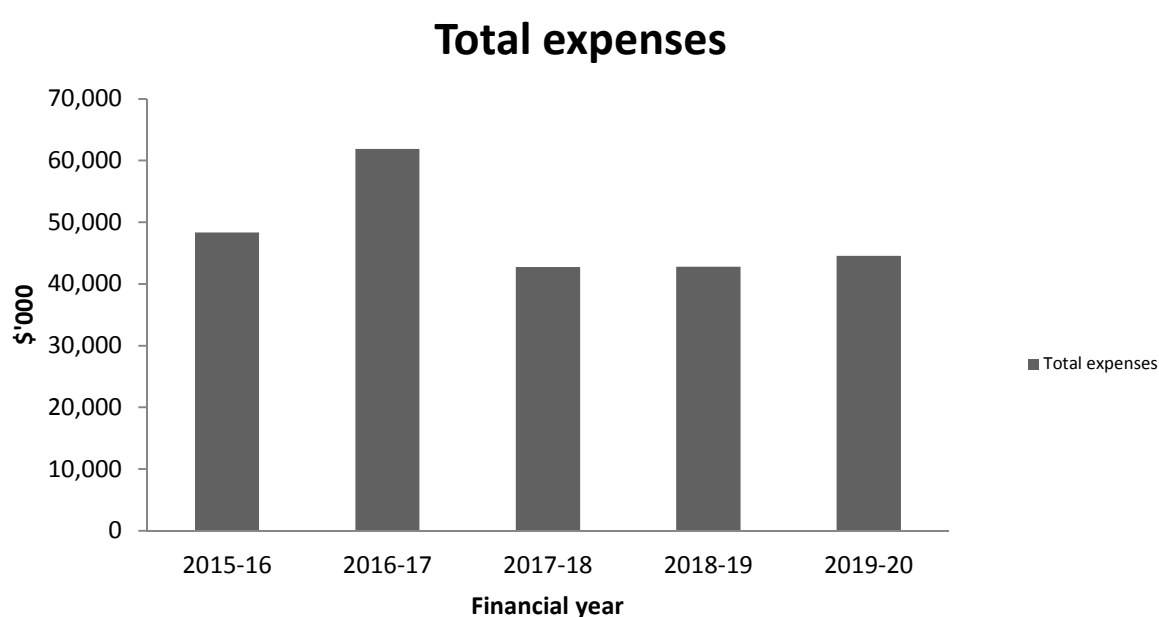
Analysis of budgeted financial statements

An analysis of the department's financial position, as reflected in the department's financial statements, is provided below.

Departmental income statement

Total base funding for departmental expenditure is \$42.9 million in 2015-16. Limited life projects have added to the core funding total by \$5.4 million in 2015-16 and \$19.5 million in 2016-17. These projects include the next stage of the Local Management Arrangements Project, the implementation of the Biofuels Mandate and the Energy Consumer Education Campaign. These projects are forecast to be completed by 2016-17 when the funding is due to end.

Chart: Total departmental expenses across the Forward Estimates period



Departmental balance sheet

The department's controlled entity balance sheet carries minor assets and liabilities with an expected net asset position of \$14.3 million for 2016-17. The balance sheet is underpinned by receivables and payables which fluctuate as they fall due. The department's administered entity balance sheet includes water infrastructure assets and payables and receivables in relation to appropriation adjustments and Community Service Obligation claims. The water infrastructure assets of \$211 million for 2016-17 include dams, weirs, flood levees and associated land across regional Queensland that is owned and managed by the department.

Controlled income statement

Department of Energy and Water Supply	Notes	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
INCOME				
Appropriation revenue	5,10	45,514	43,777	57,167
Taxes		..	..	..
User charges and fees		..	..	..
Royalties and land rents		..	..	..
Grants and other contributions	1,6	..	4,429	4,573
Interest		..	..	..
Other revenue	2,7	4,573	147	138
Gains on sale/revaluation of assets		..	..	..
Total income		50,087	48,353	61,878
EXPENSES				
Employee expenses	8,11	24,936	25,794	26,676
Supplies and services	3,9,12	18,112	16,265	28,428
Grants and subsidies	4,13	6,350	5,650	6,254
Depreciation and amortisation		220	150	232
Finance/borrowing costs		..	..	..
Other expenses		469	494	288
Losses on sale/revaluation of assets		..	..	..
Total expenses		50,087	48,353	61,878
OPERATING SURPLUS/(DEFICIT)		..	..	..

Controlled balance sheet

Department of Energy and Water Supply	Notes	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
CURRENT ASSETS				
Cash assets		15,606	14,676	14,958
Receivables	14,16	1,120	632	753
Other financial assets		..	..	..
Inventories		..	..	..
Other		29	14	..
Non-financial assets held for sale		..	..	..
Total current assets		16,755	15,322	15,711
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		557	703	682
Intangibles		..	..	..
Other		..	..	..
Total non-current assets		557	703	682
TOTAL ASSETS		17,312	16,025	16,393
CURRENT LIABILITIES				
Payables	15,17	1,941	751	930
Accrued employee benefits		1,091	926	1,115
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total current liabilities		3,032	1,677	2,045
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		3,032	1,677	2,045
NET ASSETS/(LIABILITIES)		14,280	14,348	14,348
EQUITY				
TOTAL EQUITY		14,280	14,348	14,348

Controlled cash flow statement

Department of Energy and Water Supply	Notes	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Appropriation receipts	18,23,29	45,514	39,343	57,167
User charges and fees		32	32	..
Royalties and land rent receipts		..	..	..
Grants and other contributions	19,24	..	4,429	4,573
Interest received		..	..	..
Taxes		..	..	..
Other	20,25,30	7,094	2,823	1,180
Outflows:				
Employee costs	26	(24,771)	(25,841)	(26,640)
Supplies and services	21,27,31	(20,987)	(18,857)	(29,456)
Grants and subsidies	22,32	(6,350)	(5,650)	(6,254)
Borrowing costs		..	..	..
Other		(576)	(345)	(288)
Net cash provided by or used in operating activities		(44)	(4,066)	282
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of non-financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed	28,33	500	500	..
Outflows:				
Payments for non-financial assets		(64)	(64)	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by or used in investing activities		436	436	..
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by or used in financing activities		..	..	..
Net increase/(decrease) in cash held		392	(3,630)	282
Cash at the beginning of financial year		15,214	18,306	14,676
Cash transfers from restructure		..	..	..
Cash at the end of financial year		15,606	14,676	14,958

Administered income statement

Department of Energy and Water Supply	Notes	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
INCOME				
Appropriation revenue	34,37,40	465,849	525,835	592,534
Taxes		..	..	..
User charges and fees		260	260	269
Royalties and land rents		..	..	..
Grants and other contributions		..	..	..
Interest		..	..	..
Other revenue		..	..	..
Gains on sale/revaluation of assets		..	..	..
Total income		466,109	526,095	592,803
EXPENSES				
Employee expenses		..	..	..
Supplies and services	35,38,41	3,621	2,482	6,745
Grants and subsidies	36,39,42	453,522	514,647	577,083
Depreciation and amortisation		8,706	8,706	8,706
Finance/borrowing costs		..	..	..
Other expenses		..	..	..
Losses on sale/revaluation of assets		..	..	..
Transfers of Administered Revenue to Government		260	260	269
Total expenses		466,109	526,095	592,803
OPERATING SURPLUS/(DEFICIT)		..	..	..

Administered balance sheet

Department of Energy and Water Supply	Notes	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
CURRENT ASSETS				
Cash assets	44	35,588	35,119	44,513
Receivables		45,704	48,627	48,627
Other financial assets		..	..	..
Inventories		..	..	..
Other		..	..	..
Non-financial assets held for sale		..	..	..
Total current assets		81,292	83,746	93,140
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		221,901	219,751	211,045
Intangibles		..	..	..
Other		..	..	..
Total non-current assets		221,901	219,751	211,045
TOTAL ASSETS		303,193	303,497	304,185
CURRENT LIABILITIES				
Payables	43,45,46	82,636	85,438	94,832
Transfers to Government payable		260	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total current liabilities		82,896	85,438	94,832
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		82,896	85,438	94,832
NET ASSETS/(LIABILITIES)		220,297	218,059	209,353
EQUITY				
TOTAL EQUITY		220,297	218,059	209,353

Administered cash flow statement

Department of Energy and Water Supply	Notes	2015-16 Budget \$'000	2015-16 Est. Act. \$'000	2016-17 Budget \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Appropriation receipts	47,51,57	465,849	513,582	592,534
User charges and fees		733	620	269
Royalties and land rent receipts		..	..	..
Grants and other contributions		..	..	..
Interest received		..	..	..
Taxes		..	..	..
Other	52,58	49,362	51,070	56,700
Outflows:				
Employee costs		..	..	..
Supplies and services	53,59	(53,049)	(53,450)	(63,445)
Grants and subsidies	48,54,60	(485,522)	(543,540)	(567,689)
Borrowing costs		..	..	..
Other		..	..	..
Transfers to Government		(733)	(260)	(269)
Net cash provided by or used in operating activities		(23,360)	(31,978)	18,100
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of non-financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for non-financial assets	49,55	(2,053)	..	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by or used in investing activities		(2,053)	..	..
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections	50,56	2,053	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		(8,706)	(8,706)	(8,706)
Net cash provided by or used in financing activities		(6,653)	(8,706)	(8,706)
Net increase/(decrease) in cash held		(32,066)	(40,684)	9,394
Cash at the beginning of financial year		67,654	75,803	35,119
Cash transfers from restructure		..	..	..
Cash at the end of financial year		35,588	35,119	44,513

Explanation of variances in the financial statements

Income statement

Major variations between 2015-16 Budget and 2015-16 Estimated Actual include:

1. Increase is due to reclassification of cost recovery amounts from Other Revenue.
2. Decrease is due to reclassification of cost recovery amounts to Grants and other contributions.
3. Decrease is due to deferral of contractor and consultant payments on programs to 2016-17.
4. Decrease is due to a reduction of contribution commitment for 2015-16 to the Council of Australian Governments (COAG).

Major variations between 2015-16 Budget and 2016-17 Budget include:

5. Increase is due to limited life funded projects including the next stage of the Local Management Arrangements, the implementation of the Biofuels Mandate and the Energy Consumer Education Campaign.
6. Increase is due to reclassification of cost recovery amounts from Other Revenue.
7. Decrease is due to reclassification of cost recovery amounts to Grants and other contributions.
8. Increase is due to limited life funded projects including the next stage of the Local Management Arrangements, the implementation of the Biofuels Mandate and the Energy Consumer Education Campaign.
9. Increase is due to limited life funded projects including the next stage of the Local Management Arrangements, the implementation of the Biofuels Mandate and the Energy Consumer Education Campaign.

Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:

10. Increase is due to limited life funded projects including the next stage of the Local Management Arrangements, the implementation of the Biofuels Mandate and the Energy Consumer Education Campaign.
11. Increase is due to limited life funded projects including the next stage of the Local Management Arrangements, the implementation of the Biofuels Mandate and the Energy Consumer Education Campaign.
12. Increase is due to limited life funded projects including the next stage of the Local Management Arrangements, the implementation of the Biofuels Mandate and the Energy Consumer Education Campaign.
13. Increase is due to the one off reduction for 2015-16 of the Queensland commitment to COAG.

Balance sheet

Major variations between 2015-16 Budget and 2015-16 Estimated Actual include:

14. Decrease is due to lower receivables forecast for year end than originally budgeted.
15. Decrease is due to revised estimates reducing payables forecast for year end.

Major variations between 2015-16 Budget and 2016-17 Budget include:

16. Decrease is due to lower receivables forecast for year end than originally budgeted.
17. Decrease is due to revised estimates reducing payables forecast for year end.

Cash flow statement

Major variations between 2015-16 Budget and 2015-16 Estimated Actual include:

18. Decrease is due to programs deferred to 2016-17 including the Energy Consumer Education Campaign and Local Management Arrangements.
19. Increase is due to reclassification of cost recovery amounts from Other Revenue.
20. Decrease is due to reclassification of cost recovery amounts to Grants and other contributions.
21. Decrease is due to contractor and consultant payments on programs deferred to 2016-17 including the Energy Consumer Education Campaign and Local Management Arrangements.

22. Decrease is due to a reduction of contribution commitment for 2015-16 to COAG.

Major variations between 2015-16 Budget and 2016-17 Budget include:

23. Increase is due to limited life funded projects including the next stage of the Local Management Arrangements, the implementation of the Biofuels Mandate and the Energy Consumer Education Campaign.
24. Increase is due to reclassification of cost recovery amounts from Other Revenue.
25. Decrease is due to reclassification of cost recovery amounts to Grants and other contributions and an adjustment to goods and services tax (GST).
26. Increase is due to limited life funded projects including the next stage of the Local Management Arrangements, the implementation of the Biofuels Mandate and the Energy Consumer Education Campaign.
27. Increase is due to limited life funded projects including the next stage of the Local Management Arrangements, the implementation of the Biofuels Mandate and the Energy Consumer Education Campaign.
28. The reduction in cash flow is due to the final repayment of the Geothermal Centre of Excellence loan.

Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:

29. Increase is due to limited life funded projects including the next stage of the Local Management Arrangements, the implementation of the Biofuels Mandate and the Energy Consumer Education Campaign.
30. Decrease is due to an adjustment to GST.
31. Increase is due to limited life funded projects including the next stage of the Local Management Arrangements, the implementation of the Biofuels Mandate and the Energy Consumer Education Campaign.
32. Increase is due to a lower than expected cash contribution commitment for 2015-16 to COAG.
33. The reduction in cash flow is due to the final repayment of the Geothermal Centre of Excellence loan.

Administered income statement

Major variations between 2015-16 Budget and 2015-16 Estimated Actual include:

34. Increase in appropriation revenue is to cover increased Ergon Energy Pty Ltd (Ergon) Community Service Obligation (CSO) payments under the Uniform Tariff Policy.
35. Decrease is due to project delays for repairs and maintenance on water infrastructure assets.
36. Increase is due to higher Ergon CSO payments under the Uniform Tariff Policy as a result of higher network costs than forecast, primarily driven by the final determinations by the Australian Energy Regulator and the Queensland Competition Authority.

Major variations between 2015-16 Budget and 2016-17 Budget include:

37. Increase in appropriation revenue is to cover expected increased Ergon CSO payments under the Uniform Tariff Policy.
38. Increase is due to planned projects for repairs and maintenance on water infrastructure assets.
39. Increase is due to higher Ergon CSO payments under the Uniform Tariff Policy as a result of higher network costs than forecast, primarily driven by an increase in forecast transmission use of system charges along with previous year's under-recoveries of Ergon's network charges.

Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:

40. Increase in appropriation revenue is to cover expected increased Ergon CSO payments under the Uniform Tariff Policy.
41. Increase is due to planned projects for repairs and maintenance on water infrastructure assets.
42. Increase largely relates to Ergon Energy's network charges increasing at a greater rate than Energex Limited's network costs. Ergon Energy's forecast increase in network costs is mainly driven by an increase in forecast transmission use of system charges along with previous year's under-recoveries of its network charges.

Administered balance sheet

Major variations between 2015-16 Budget and 2015-16 Estimated Actual include:

- 43. Increase is due to forecast higher CSO claims which will be payable at year end.

Major variations between 2015-16 Budget and 2016-17 Budget include:

- 44. Increase is due to higher level of cash maintained in order to meet forecast higher CSO commitments.
- 45. Increase is due to forecast higher CSO claims which will be payable at year end.

Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:

- 46. Increase is due to forecast higher CSO claims which will be payable at year end.

Administered cash flow statement

Major variations between 2015-16 Budget and 2015-16 Estimated Actual include:

- 47. Increase is due to higher Ergon CSO payments under the Uniform Tariff Policy.
- 48. Increase is due to higher Ergon CSO payments under the Uniform Tariff Policy as a result of higher costs than forecast.
- 49. The outflow has been reclassified from capital funding to operational for water infrastructure asset projects.
- 50. Decrease is due to the reclassification of capital funding to operational for water infrastructure asset projects.

Major variations between 2015-16 Budget and 2016-17 Budget include:

- 51. Increase is due to higher Ergon CSO payments under the Uniform Tariff Policy.
- 52. Increase is due to higher GST input tax credits to be received from the Australian Taxation Office in relation to the increase in energy related CSO payments.
- 53. Increase is due to GST paid in relation to CSO payments.
- 54. Increase is due to higher Ergon CSO payments under the Uniform Tariff Policy as a result of anticipated higher network costs.
- 55. The outflow has been reclassified from capital funding to operational for water infrastructure asset projects.
- 56. Decrease is due to the reclassification of capital funding to operational for water infrastructure asset projects.

Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:

- 57. Increase is due to higher Ergon CSO payments under the Uniform Tariff Policy.
- 58. Increase is due to higher GST input tax credits to be received from the ATO in relation to the increase in energy related CSO payments.
- 59. Increase is due to GST paid in relation to CSO payments.
- 60. Increase is due to higher Ergon CSO payments under the Uniform Tariff Policy as a result of anticipated higher network costs.

Glossary of terms

Accrual accounting	Recognition of economic events and other financial transactions involving revenue, expenses, assets, liabilities and equity as they occur and reporting in financial statements in the period to which they relate, rather than when a flow of cash occurs.
Administered items	Assets, liabilities, revenues and expenses an entity administers, without discretion, on behalf of the Government.
Agency/entity	Used generically to refer to the various organisational units within Government that deliver services or otherwise service Government objectives. The term can include departments, commercialised business units, statutory bodies or other organisations established by Executive decision.
Appropriation	Funds issued by the Treasurer, under Parliamentary authority, to agencies during a financial year for: <ul style="list-style-type: none"> • delivery of agreed services • administered items • adjustment of the Government's equity in agencies, including acquiring of capital.
Balance sheet	A financial statement that reports the assets, liabilities and equity of an entity as at a particular date.
Capital	A term used to refer to an entity's stock of assets and the capital grants it makes to other agencies. Assets include property, plant and equipment, intangible items and inventories that an entity owns/controls and uses in the delivery of services.
Cash Flow Statement	A financial statement reporting the cash inflows and outflows for an entity's operating, investing and financing activities in a particular period.
Controlled Items	Assets, liabilities, revenues and expenses that are controlled by departments. These relate directly to the departmental operational objectives and arise at the discretion and direction of that department.
Depreciation	The periodic allocation of the cost of physical assets, representing the amount of the asset consumed during a specified time.
Equity	Equity is the residual interest in the assets of the entity after deduction of its liabilities. It usually comprises the entity's accumulated surpluses/losses, capital injections and any reserves.
Equity injection	An increase in the investment of the Government in a public sector agency.
Financial statements	Collective description of the Income Statement, the Balance Sheet and the Cash Flow Statement for an entity's controlled and administered activities.

Income statement	A financial statement highlighting the accounting surplus or deficit of an entity. It provides an indication of whether the entity has sufficient revenue to meet expenses in the current year, including non-cash costs such as depreciation.
Outcomes	Whole-of-government outcomes are intended to cover all dimensions of community wellbeing. They express the current needs and future aspirations of communities, within a social, economic and environment context.
Own-source revenue	Revenue that is generated by an agency, generally through the sale of goods and services, but it may also include some Commonwealth funding.
Priorities	Key policy areas that will be the focus of Government activity.
Services	The actions or activities (including policy development) of an agency which contribute to the achievement of the agency's objectives.
Service area	Related services grouped into a high level service area for communicating the broad types of services delivered by an agency.
Service standard	Define a level of performance that is expected to be achieved appropriate for the service area or service. Service standards are measures of efficiency or effectiveness.

For a more detailed Glossary of Terms, please refer to the Reader's Guide available on the Budget website at www.budget.qld.gov.au

