

State Budget 2013-14

Service Delivery Statements

Department of Energy and Water Supply



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2013–14 State Budget Papers

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Concessions Statement

The suite of Budget Papers is similar to that published in 2012-13.

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Service Delivery Statements

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Queensland
Government

Department of Energy and Water Supply

Summary of portfolio budgets

Page	Agency	2012-13 Budget \$'000	2012-13 Est. Actual \$'000	2013-14 Estimate \$'000
2	Department of Energy and Water Supply - controlled	160,270	79,014	105,948
	Department of Energy and Water Supply - administered	759,956	746,372	639,169
24	Energy and Water Ombudsman Queensland	6,293	5,881	6,420
32	Queensland Water Commission	10,815	7,768	..

Notes:

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

PORTFOLIO OVERVIEW

Ministerial and portfolio responsibilities

The table below represents the agencies and services which are the responsibility of the Minister for Energy and Water Supply.

<p style="text-align: center;">Minister for Energy and Water Supply The Honourable Mark McArdle MP</p>

<p style="text-align: center;">Department for Energy and Water Supply Director General: Jonathan (Jon) P.C. Black</p>
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Service Area 1: Energy

Service Area 2: Water Supply and Sewerage Services

<p style="text-align: center;">Energy and Water Ombudsman Queensland Ombudsman: Forbes Smith</p>

Objective: The Energy and Water Ombudsman Queensland (EWOQ) is a free, fair and independent dispute resolution service to assist residential and small business energy customers across Queensland and water customers in South East Queensland (SEQ) if they are unable to resolve a complaint with their electricity, gas or water supplier.

<p style="text-align: center;">Queensland Water Commission</p>

Objective: The Queensland Water Commission (QWC) was an independent statutory body responsible for safe, secure and sustainable water supplies in South East Queensland and for providing sound, evidence-based advice on management of the impacts of Coal Seam Gas extraction on underground water resources.

Amendments to the *Water Act 2000* by the *South East Queensland Water (Restructuring) and Other Legislation Amendment Act 2012* abolished the QWC with effect from the end of 31 December 2012.

Additional information about these agencies can be sourced from <http://www.dews.qld.gov.au> and <http://www.ewoq.com.au>.

RESOURCES AND PERFORMANCE

DEPARTMENTAL OVERVIEW

Strategic direction

The department's vision is *reduced cost of living pressures through innovative and efficient energy and water supply services*. The department's purpose is *to develop and deliver innovative policy, planning and regulatory solutions in partnership with our stakeholders*.

The department contributes to the Government's objectives for the community:

- **Grow a four pillar economy** – through effective policy, planning and regulation to support cost-effective, safe, secure and reliable energy and water supply and reducing regulatory burden
- **Lower the cost of living for families** – by identifying and implementing strategies to address cost pressures on electricity and water prices and implementing energy and water sector reform
- **Deliver better infrastructure and better planning** – by developing and implementing 30-year strategies for Queensland's electricity and water supply sectors and implementing relevant Queensland Floods Commission of Inquiry recommendations
- **Restore accountability in government** – through effective stakeholder engagement, optimising shareholding value in State-owned entities, and ensuring robust and streamlined regulatory requirements.

Through an analysis of its operating environment, the department has identified the following strategic risks and challenges:

- failure to execute sustainable solutions to reduce the pressure on cost of living
- energy markets and water supply are not competitive or sustainable
- failure to plan for and provide appropriate advice and responses to energy and water emergencies
- stakeholders are not effectively engaged
- lack of critical capability and capacity
- major incidences of fraud and/or corruption.

In 2013-14, to achieve its purpose and address its challenges, the department will continue to:

- deliver cost-effective, safe, secure and reliable energy and water supply by:
 - developing 30-year strategies for Queensland's energy and water supply sectors;
 - identifying and implementing strategies to address cost pressures on energy and water prices;
 - managing risks associated with energy and water supply services through effective planning and policy;
 - ensuring efficient and effective regulation;
 - adopting an integrated, whole-of-supply chain approach to realise better synergies and interdependencies; and
 - anticipating and providing policy and regulatory advice on emerging market dynamics and technologies
- deliver effective reform by:
 - leading energy and water sector reform, including implementation and delivery of relevant initiatives of the 30-year electricity and water strategies;
 - reducing red tape and streamlining regulatory requirements;

- implementing relevant Queensland Floods Commission of Inquiry (QFCOI) recommendations; and
- exploring opportunities for innovation and contestability to maximise outcomes
- engage our stakeholders by:
 - positively engaging and influencing our stakeholders to ensure a shared understanding of expectations, roles and responsibilities;
 - working in partnership with our stakeholders to develop and deliver innovative solutions;
 - enabling service providers to build their capacity and capability;
 - supporting innovation, research and development in the energy and water supply industry; and
 - influencing national energy and water supply agendas
- optimise industry value by:
 - actively managing portfolio Ministers' shareholding interests in government owned entities;
 - representing portfolio Ministers' interest in ensuring compliance with shareholder service requirements; and
 - providing regulatory and policy frameworks to optimise industry performance
- deliver a capable, flexible and proud workforce by:
 - ensuring accountable, transparent and effective corporate governance;
 - building a flexible, skilled and performance orientated workforce;
 - valuing staff through effective communication and engagement;
 - fostering a zero harm culture;
 - ensuring business continuity and retention of corporate knowledge; and
 - developing systems to support robust advice, decision-making, monitoring and reporting.

During 2012-13, the department delivered a number of government priorities and commitments:

- rationalised carbon reduction and energy efficiency schemes
- commenced development of a state-wide approval process for wind farms
- released a directions paper for a 30-Year electricity strategy
- delivered the final report of the electricity sector reform Inter-Departmental Committee (IDC) (including the Independent Review Panel on Network Costs)
- facilitated a review of options for the Gold Coast Desalination Plant and Western Corridor Recycled Water Scheme
- amalgamated the South East Queensland (SEQ) bulk water entities and abolished the Queensland Water Commission
- implemented arrangements to provide a one-off \$80 rebate for households in SEQ
- released a discussion paper for a 30-Year water strategy
- undertook a long-term SEQ bulk water price review
- progressed the review of Local Management Arrangements (LMA) for SunWater's channel irrigation systems
- progressed implementation of QFCOI recommendations, including advice on temporary full supply levels for SEQ dams and optimisation of Wivenhoe, Somerset and North Pine dams.

During 2013-14, the department will continue to focus on:

- implementing agreed outcomes of the IDC on electricity sector reform
- releasing a 30-Year Electricity Strategy and a 30-Year water strategy
- continuing to implement QFCOI recommendations, including leading and implementing the Wivenhoe and Somerset Dams and North Pine Dam Optimisation Studies
- implementing red tape reduction initiatives
- finalising a Government position on reform of LMA for SunWater's channel irrigation systems.

Departmental Budget Summary

The table below shows the total resources available in 2013-14 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	2012-13 Budget \$'000	2012-13 Est. Actual \$'000	2013-14 Estimate \$'000
CONTROLLED			
Income			
Appropriation for services ¹			
Deferred from previous year/s	3,140	3,140	46,044
Balance of service appropriation	153,346	73,172	57,429
Other revenue	3,784	2,162	2,475
Total income	160,270	79,014	105,948
Expenses			
Energy	36,418	31,611	43,161
Water Supply and Sewerage Services	123,852	47,403	62,787
Total expenses	160,270	79,014	105,948
Operating surplus/deficit	..	..	..
Net assets	9,234	16,109	16,109
ADMINISTERED			
Revenue			
Commonwealth revenue	..	..	..
Appropriation of administered items	759,956	746,247	639,044
Other administered revenue	..	6,095	6,666
Total revenue	759,956	752,342	645,710
Expenses			
Transfers to government	..	1,517	974
Administered expenses	759,956	746,372	639,169
Total expenses	759,956	747,889	640,143
Net assets	22,275	18,576	28,143
APPROPRIATIONS			
Controlled Items			
Departmental services	151,926	78,166	103,473
Equity adjustment	500	..	..
Administered items	717,645	703,936	643,044
VOTE TOTAL²	870,071	782,102	746,517

Notes:

1. Includes State and Commonwealth funding.
2. As represented in the 2013-14 Appropriation Bills.

Budget Measures Summary

The table shows a summary of Budget measures relating to the department since the 2012-13 Budget. Further details are contained in Budget Paper No. 4.

Department of Energy and Water Supply	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Revenue measures					
Administered
Departmental
Expense measures					
Administered	..	2,326	2,272	1,988	1,935
Departmental	..	1,200	..	..	..
Capital measures					
Administered
Departmental

Notes:

1. The totals for 2013-14 reconcile with Budget Paper 4.

Staffing¹

Service Areas ^{2,3}	Notes	2012-13 Budget	2012-13 Est. Actual	2013-14 Estimate
Energy	4	114	96	114
Water Supply and Sewerage Services	4	159	142	159
TOTAL		273	238	273

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Internal corporate service FTEs are allocated across the services 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, the Department of Agriculture, Fisheries and Forestry and the Department of Natural Resources and Mines.
4. 2012-13 estimated actual is lower than anticipated due to positions which are vacant.

SERVICE PERFORMANCE

Services

Our service areas are:

Energy

Energy is responsible for policy development, reform and regulation of the Queensland energy sector to ensure cost-effective, secure and reliable energy supply. It is also responsible for establishing a long-term electricity strategy, informed by the outcomes of the Government's review on electricity sector reform, to address cost of living pressures and sustainability of the sector.

Energy delivers five services:

- *Energy Generation and Fuel* – responsible for developing and implementing policy that directly affects the generation of electricity and alternative energy; ensuring that effective emergency planning and response arrangements are in place; and representing the Minister in State-owned energy entities
- *Energy Networks* – responsible for developing and implementing policy that directly affects energy network service providers and influencing national energy agendas
- *Energy and Consumer Retail* – responsible for developing and implementing policy that has a direct effect on end use consumers of energy
- *Energy Sector Regulation* – responsible for regulating the energy sector in Queensland
- *Energy Sector Reform* – responsible for developing and implementing reform of the Queensland energy sector.

Key outcomes sought include:

- cost-effective, secure and reliable energy supply in Queensland
- efficient and effective operation of electricity and gas markets
- robust emergency protocols in place for electricity, gas and liquid fuels emergencies
- reduced electricity demand and consumption growth, reducing the cost of providing electricity
- Queensland's interests influence national energy policy development
- improved stakeholder and customer engagement and protection measures
- efficient regulation which does not place unnecessary burden on industry
- a clear, long-term strategy for Queensland's electricity sector
- effective and sustainable reform of Queensland's energy sector to improve cost-effectiveness for consumers, facilitate a competitive market and encourage innovation to drive efficiencies.

Water Supply and Sewerage Services

Water Supply and Sewerage Services is responsible for implementing water sector reform to address cost of living pressures. It is also responsible for establishing a long-term strategy for Queensland's water sector and regulating water supply and sewerage services so that agriculture, mining, industry, regional and urban communities have access to cost-effective, safe, secure and sustainable water supply.

Water Supply and Sewerage Services delivers five services:

- *Water Sector Planning* – Responsible for providing advice on possible temporary full supply levels for the State’s flood mitigation dams; developing urban drainage design standards for stormwater related flood risk; managing and reporting on department’s response to the QFCOI recommendations; planning for adequate water supplies to underpin regional and economic growth; and managing a suite of non-commercial water assets held by the State
- *Water Supply Regulation* – responsible for regulating the quality of drinking water supply supplied by registered water service providers in Queensland
- *Dam Safety Regulation* – responsible for registering, assessing and monitoring the safety of large referable dams in Queensland
- *Water Sector Reform (Legislation and Policy)* – responsible for developing and implementing policy and State and national water issues; and facilitating changes to water supply and related legislation
- *Water Sector Reform (Economic Advice)* – responsible for providing economic evaluation and advice on bulk and rural water pricing and regulation; and representing the Minister in State owned water entities.

Key outcomes sought include:

- cost-effective, safe, secure and reliable water supply and sewerage services
- flood risks minimised and optimisation of dams
- effective planning for Queensland’s future water supply needs, including a long-term vision and strategy for Queensland’s water sector
- cost-effective management of the State’s non-commercial water assets and liabilities minimised
- an efficient and effective water supply and dam safety regulatory framework, which protects public health, promotes safety and minimises risks
- Queensland’s interests effectively implemented in State and national water policy and reform issues
- effective and timely policy, legislative and institutional reform, which reduces unnecessary burden on the water sector and improves customer protection measures
- cost-effective rural and bulk water pricing to limit cost pressures on water prices
- effective stakeholder engagement.

Red tape reduction

In 2012-13, the department’s contribution to the Government’s red tape reduction commitment included:

- rationalisation of carbon reduction and energy efficiency schemes
- lifting of water restrictions in SEQ
- amalgamation of the SEQ bulk water entities, including abolition of the Queensland Water Commission and improved efficiency of the SEQ water market
- removing monthly reporting on SEQ drought infrastructure projects under the *Water Regulation 2002*
- clarifying that certain recycling schemes do not require an approved Recycled Water Management Plan under the *Water Supply (Safety and Reliability) Act 2008*
- removing the standards for new coal-fired power stations following the introduction of the Commonwealth Carbon Pricing Mechanism, bringing Queensland in line with other States and Territories.

In addition, legislation will be introduced by mid 2013 to amend the *Electricity Act 1994* to cease the Queensland Gas Scheme by 31 December 2013 and repeal the *Clean Energy Act 2008* to cease the Smart Energy Savings Program as soon as possible. These amendments will remove unnecessary burden for electricity retailers and investors, reduce administrative burden and complexity for Government and reduce pressure on electricity costs to consumers.

In 2013-14, the department will develop policy and legislative options to simplify the regulation of water and sewerage service providers by:

- replacing the requirement for numerous infrastructure management plans with annual performance reporting
- simplifying regulation of lower risk uses of recycled water
- improving operating arrangements, and potentially business costs for distribution-retail water businesses in SEQ
- enabling competent persons other than plumbers to install water meters.

These changes will contribute to the Government's commitments to reduce red tape, make local governments more autonomous, promote innovation, and implement actions to assist in reducing cost of living pressures from water and sewerage prices.

2013-14 Service Summary

Service area	Sources of Revenue				
	Total cost \$'000	State Contribution \$'000	User Charges \$'000	C'wealth Revenue \$'000	Other Revenue \$'000
Energy	43,161	42,950	210	..	1
Water Supply and Sewerage Services	62,787	60,303	295	220	1,969
TOTAL	105,948	103,253	505	220	1,970

Notes:

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

Performance Statement

To improve accountability for performance, service standards for the 2013-14 State Budget present measures relating to the efficiency or effectiveness of services delivered by government. Measures of input and/or activity, which do not demonstrate effectiveness or efficiency and are no longer relevant measures of the agency's services, will be discontinued from being reported in the Service Delivery Statements. Discontinued measures that remain relevant to the agency's services will continue to be publicly available through alternative communication channels. For details on measures which are being discontinued and where this information may be accessed in the future, please refer to the 2013-14 Budget website at www.budget.qld.gov.au.

Department of Energy and Water Supply	Notes	2012-13 Target/Est.	2012-13 Est. Actual	2013-14 Target/Est.
Service Area: Energy				
Service standards				
Relative reduction in peak electricity network demand from demand management/energy efficiency initiatives and projects facilitated	1	92MW Cumulative target	110MW Cumulative target	115MW Cumulative target
Lead implementation and deliver relevant initiatives of the 30-Year Electricity Strategy on time and within budget	2	New measure	New measure	90%
Percentage of stakeholders who rate the department's engagement on key Energy programs/ initiatives as satisfactory or better	3	New measure	New measure	90%
State contribution (\$000)		36,393	30,892	42,950
Other revenue (\$000)		25	719	211
Total cost (\$000)		36,418	31,611	43,161

Service Area: Water Supply and Sewerage Services

Service standards

Lead implementation and deliver relevant initiatives of the 30-Year Water Strategy on time and within budget

2 New measure New measure 90%

Percentage of stakeholders who rate the department's engagement on key Water Supply and Sewerage Services programs/ initiatives as satisfactory or better

3 New measure New measure 90%

Department of Energy and Water Supply	Notes	2012-13 Target/Est.	2012-13 Est. Actual	2013-14 Target/Est.
Percentage of the State's drinking water services that have appropriate drinking water quality monitoring and response frameworks in place	4	100%	92%	100%
State contribution (\$000)		119,988	45,675	60,303
Other revenue (\$000)		3,864	1,728	2,484
Total cost (\$000)		123,852	47,403	62,787

Notes:

1. This measure contributes to the department's strategic objective to ensure cost-effective, safe, secure and reliable energy and water supply. The reduction to peak electricity demand is maintained across financial years so the target and reported actual is a cumulative reduction i.e. the reported actual in 2012-13 plus additional reductions to be achieved in 2013-14.
2. This measure contributes to the department's strategic objective to ensure cost-effective, safe, secure and reliable energy and water supply and to deliver effective reform. The department is responsible for leading implementation and for delivering relevant initiatives of the 30-Year Electricity Strategy and the 30-Year Water Strategy.
3. This measure contributes to the department's objective to engage with our stakeholders. The measure will assess the level of stakeholder satisfaction with the department's engagement on key programs/initiatives, including for example, the 30-Year Electricity Strategy and the 30-Year Water Strategy.
4. This measure contributes to the department's objective to ensure cost-effective, safe, secure and reliable energy and water supply. The measure is comprised of the percentage of drinking water service providers who have an approved Drinking Water Quality Management Plan (DWQMP) or are operating under transitional arrangements by monitoring for E. coli and responding to reported incidents appropriately. By 1 July 2013 all providers will be required to have an approved DWQMP in place.

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 Transactions

Under the *Electricity Act 1994*, electricity retailers must charge customers who have not entered into market contracts for their electricity supply at Notified Prices determined in accordance with the Act. The Notified Prices for customers of a particular customer class are uniform across the State.

The supply of electricity to customers in regional and remote parts of Queensland generally involves costs which are significantly higher than what the retailer can cover under the Notified Prices due mainly to the vast electricity grid required to serve these customers.

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. A small amount is paid through Origin Energy Electricity Limited for non-market customers in the Goondiwindi, Texas and Inglewood areas.

It is estimated that energy related CSO payments in 2013-14 will total \$620 million.

The department also provides CSO payments to SunWater and SEQwater estimated to be \$16.4million in 2013-14. Prior to 2013-14, these payments were reflected within the Controlled Entity but have now been transferred to the Administered Entity. These payments are made to SunWater and SEQwater for the provision of rural irrigation services and to SunWater in relation to the Cloncurry pipeline.

Financial statements and variance explanations in relation to Administered Items appear in the Departmental Financial Statements.

CAPITAL

Capital program

A total of \$11.9 million is expected to be invested in 2013-14 including \$5.6 million for the dam spillway upgrade program, \$4 million relating to upgrades on non-commercial water assets and \$2.2 million to be invested for the finalisation of work associated with the Water Industry Asset Management system which supports the regulation of referable dams, drinking water quality and recycled water.

Capital budget statement

Department Name	Notes	2012-13 Budget \$'000	2012-13 Est. Actual \$'000	2013-14 Estimate \$'000
Capital Purchases¹				
Total land, buildings and infrastructure		..	4,453	9,567
Total plant and equipment	
Total other capital		564	64	2,286
Total Capital Purchases		564	4,517	11,853

Notes:

1. For more detail on the agency's capital acquisitions please refer to Budget Paper 3.

BUDGETED FINANCIAL STATEMENTS

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

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

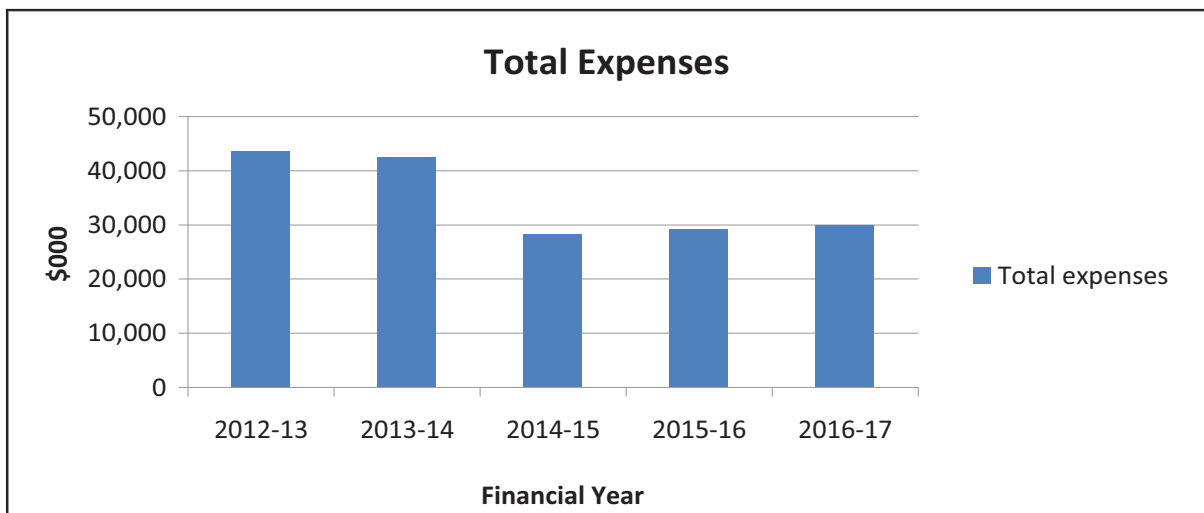
Departmental income statement

Total expenses are estimated to be \$79.036 million in 2013-14. The chart below illustrates the projected movement in expenditure estimates over the forward estimates. Grant expenditure has been excluded in order to provide a more useful comparison across financial years.

The department's budget for 2013-14 includes employee expenses of \$28.6 million and supplies and services of \$13 million. Total grant expenditure amounts to \$63.5 million and includes Dam Spillway Upgrade capital grants (\$56.9 million), grant expenditure relating to finalisation of funding for the Geothermal Centre of Excellence and funding related to the Australian Energy Market Commission.

Community Service Obligation (CSO) payments are made to SunWater and SEQwater for the provision of rural irrigation services and to SunWater in relation to the Cloncurry Pipeline. These payments have been transferred from the Controlled Entity to the Administered Entity in order to better reflect the nature of the transactions and to obtain consistency with similar energy related CSO payments.

Chart: Total departmental expenses across the Forward Estimates period (excludes grants)



Departmental balance sheet

The department's controlled entity balance sheet carries minor assets and liabilities with an expected net asset position of approximately \$16 million at the end of 2013-14. The balance sheet is underpinned by receivables and payables which fluctuate as they fall due. The departments administered entity balance sheet includes non commercial dam assets together with appropriation related receivables and payables which fluctuate as they fall due.

INCOME STATEMENT

Department of Energy and Water Supply	Notes	2012-13 Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
Income				
Service revenue	1, 6, 11	156,486	76,852	103,473
User charges	2, 7	3,782	504	505
Grants and other contributions		..	..	..
Other revenue	3, 8, 12	2	1,658	1,970
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		160,270	79,014	105,948
Expenses				
Employee expenses		29,091	30,878	28,609
Supplies and services	4, 9	18,131	11,999	13,122
Grants and subsidies	5, 10, 13	112,254	35,343	63,525
Depreciation and amortisation		326	326	346
Finance/borrowing costs		..	..	..
Other expenses		468	468	346
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		160,270	79,014	105,948
OPERATING SURPLUS/(DEFICIT)		..	..	..

STATEMENT OF CHANGES IN EQUITY

Department of Energy and Water Supply	Notes	2012-13 Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation reserve		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
Net income recognised directly in equity		..	..	..
Surplus/(deficit) for the period		..	..	..
Total recognised income and expense for the period		..	..	..
Equity injection/(withdrawal)	14	500	..	..
Equity adjustments (MoG transfers)		..	..	..
Total movement in equity for period		500	..	..

BALANCE SHEET

Department of Energy and Water Supply	Notes	2012-13 Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
CURRENT ASSETS				
Cash assets	15, 22, 28	4,723	17,521	14,055
Receivables	16, 23	520	1,632	1,482
Other financial assets		..	..	..
Inventories		60	..	..
Other	17, 24	5,501	1,918	2,475
Non-financial assets held for sale		..	..	..
Total current assets		10,804	21,071	18,012
NON-CURRENT ASSETS				
Receivables		2,654	2,786	2,675
Other financial assets		..	..	..
Property, plant and equipment		411	425	159
Intangibles	18, 25, 29	3,320	127	2,347
Other		..	..	..
Total non-current assets		6,385	3,338	5,181
TOTAL ASSETS		17,189	24,409	23,193
CURRENT LIABILITIES				
Payables		7,461	7,099	6,649
Accrued employee benefits		494	533	435
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other	19, 30	..	668	..
Total current liabilities		7,955	8,300	7,084
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		7,955	8,300	7,084
NET ASSETS/(LIABILITIES)		9,234	16,109	16,109
EQUITY				
Capital/contributed equity	20, 26	9,234	11,837	11,837
Accumulated surplus/(accumulated deficit)	21, 27	..	4,272	4,272
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		9,234	16,109	16,109

CASH FLOW STATEMENT

Department of Energy and Water Supply	Notes	2012-13 Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Service receipts	31,38,45	151,926	78,166	103,473
User charges	32,39,46	3,782	1,172	505
Grants and other contributions		..	..	..
Other	33, 40	2	1,805	1,452
Outflows:				
Employee costs		(29,091)	(31,088)	(28,707)
Supplies and services	34, 41	(18,131)	(12,999)	(13,693)
Grants and subsidies	35,42,47	(112,254)	(39,343)	(63,975)
Borrowing costs		..	..	..
Other		(468)	(468)	(346)
Net cash provided by/(used in) operating activities		(4,234)	(2,755)	(1,291)
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	(27)	111
Outflows:				
Payments for property, plant and equipment and intangibles	36,43,48	(564)	(64)	(2,286)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		(564)	(91)	(2,175)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections	37, 44	500	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		500	..	..
Net increase/(decrease) in cash held		(4,298)	(2,846)	(3,466)
Cash at the beginning of financial year		9,021	20,367	17,521
Cash transfers from restructure		..	..	..
Cash at the end of financial year		4,723	17,521	14,055

ADMINISTERED INCOME STATEMENT

Department of Energy and Water Supply	Notes	2012-13 Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
Revenues				
Commonwealth grants		..	..	..
Taxes, fees and fines	49, 51,54	..	1,517	974
Royalties, property income and other territorial Revenue		..	..	..
Interest		..	..	..
Administered revenue	52, 55	759,956	746,247	639,044
Other	50,53,56	..	4,578	5,692
Total revenues		759,956	752,342	645,710
Expenses				
Supplies and services		956	1,081	1,081
Depreciation and amortisation		..	..	..
Grants and subsidies	52, 55	759,000	745,291	638,088
Benefit payments		..	..	..
Borrowing costs		..	..	..
Other		..	..	..
Total expenses		759,956	746,372	639,169
Net surplus or deficit before transfers to Government		..	5,970	6,541
Transfers of administered revenue to Government		..	1,517	974
OPERATING SURPLUS/(DEFICIT)		..	4,453	5,567

ADMINISTERED BALANCE SHEET

Department of Energy and Water Supply	Notes	2012-13 Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
CURRENT ASSETS				
Cash assets	57,64	30,845	35,580	35,580
Receivables	58,65	..	6,379	6,379
Inventories		..	..	..
Other		..	..	..
Non-financial assets held for sale		..	..	..
Total current assets		30,845	41,959	41,959
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	59,66,71	15,647	20,843	30,410
Intangibles		..	..	..
Other		..	..	..
Total non-current assets		15,647	20,843	30,410
TOTAL ADMINISTERED ASSETS		46,492	62,802	72,369
CURRENT LIABILITIES				
Payables	60,67	24,211	38,341	38,341
Transfers to Government payable	61,68	6	5,885	5,885
Interest-bearing liabilities		..	..	..
Other		..	..	..
Total current liabilities		24,217	44,226	44,226
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL ADMINISTERED LIABILITIES		24,217	44,226	44,226
ADMINISTERED NET ASSETS/(LIABILITIES)		22,275	18,576	28,143
EQUITY				
Capital/Contributed equity	62,69,72	22,275	13,106	17,106
Accumulated surplus/(Accumulated deficit)	63,70,73	..	5,406	10,973
Reserves:		..	..	..
- Asset revaluation surplus		..	64	64
- Other (specify)		..	..	..
TOTAL ADMINISTERED EQUITY		22,275	18,576	28,143

ADMINISTERED CASH FLOW STATEMENT

Department of Energy and Water Supply	Notes	2012-13 Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Administered item receipts	76,81	717,645	703,936	639,044
Grants and other contributions	74,77,82	..	4,453	5,567
Taxes, fees and fines	75,78,83	..	1,517	974
Royalties, property income and other territorial revenues		..	..	..
Other		..	125	125
Outflows:				
Transfers to Government	75,78,83	..	(1,517)	(974)
Grants and subsidies	76,81	(759,000)	(745,291)	(638,088)
Supplies and services		(956)	(1,081)	(1,081)
Borrowing costs		..	..	..
Other		..	..	..
Net cash provided by/(used in) operating activities		(42,311)	(37,858)	5,567
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles	74,79,84	..	(4,453)	(9,567)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		..	(4,453)	(9,567)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections	80,85	..	..	4,000
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		..	..	4,000
Net increase/(decrease) in cash held		(42,311)	(42,311)	..
Administered cash at beginning of financial year		73,156	77,891	35,580
Cash transfers from restructure		..	..	..
Administered cash at end of financial year		30,845	35,580	35,580

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

Major variations between 2012-13 Budget and 2012-13 Estimated actual include:

1. Decrease mainly due to the return of savings and deferral of funds associated with the Dam Spillway Upgrade Program.
2. Decrease primarily relates to the transfer of Coal Seam Gas Water functions, and associated levy, to the Department of Natural Resources and Mines.
3. Increase mainly reflects return of revenue relating to the Townsville CBD cooling project together with funding received for the review of Local Management Arrangements for SunWater's channel irrigation systems.
4. Decrease mainly due to transfer of funding associated with Coal Seam Gas Water functions to Department of Natural Resources and Mines together with deferral of various project related expenditure to 2013-14.
5. Decrease mainly relates to the Dam Spillway Upgrade Program. Savings have been returned to Government together with deferral of expenditure to 2013-14.

Major variations between 2012-13 Budget and 2013-14 Estimate include:

6. Decrease mainly relates to lower level of deferrals from 2012-13, lower level of funding associated with the Dam Spillway Upgrade Program and transfer of water related community service obligation payments from the controlled entity to the administered entity.
7. Decrease primarily relates to the transfer of Coal Seam Gas Water functions, and associated levy, to the Department of Natural Resources and Mines
8. Increase reflects funding received for the review of Local Management Arrangements for SunWater's channel irrigation systems.
9. Decrease mainly due to transfer of funding associated with Coal Seam Gas Water functions to Department of Natural Resources and Mines together with deferral of various project related expenditure to 2013-14.
10. Decrease mainly reflects lower allocation to Dam Spillway Upgrade Program.

Major variations between 2012-13 Estimated actual and the 2013-14 Estimate include:

11. Increase mainly reflects deferrals of funds from 2012-13 including the Dam Spillway Upgrade Program.
12. Increase mainly due to higher level of funding relating to the review of Local Management Arrangements for SunWater's channel irrigation systems.
13. Increase reflects deferral of Dam Spillway Upgrade Program expenditure from 2012-13.

Statement of changes in equity

Major variations between 2012-13 Budget and 2012-13 Estimated actual include:

14. Funding of Water Industry Asset Management System ceases in 2012-13.

Balance sheet

Major variations between 2012-13 Budget and 2012-13 Estimated actual include:

15. Increase predominantly reflects timing differences associated with end of financial year deferrals and a higher opening balance from 2011-12.
16. Increase reflects higher than anticipated opening balance from 2012-13.
17. Decrease largely reflects reduction in prepayments associated with Solar Hot Water Program.
18. Decrease reflects deferral of expenditure on Water Industry Asset Management system to 2013-14.
19. 2012-13 estimated actual relates to unearned revenue associated with the review of Local Management Arrangements for SunWater's channel irrigation systems.
20. Increase relates to finalisation of Machinery of Government arrangements.
21. Increase relates to finalisation of Machinery of Government arrangements.

Major variations between 2012-13 Budget and 2013-14 Estimate include:

22. Increase predominantly reflects timing differences associated with end of financial year deferrals.
23. Increase reflects transfer of balances associated with the finalisation of Machinery of Government arrangements.
24. Decrease largely reflects reduction in prepayments associated with the Solar Hot Water Program.

- 25. Decrease reflects level of expenditure on Water Industry Asset Management system.
 - 26. Increase relates to finalisation of Machinery of Government arrangements.
 - 27. Increase relates to finalisation of Machinery of Government arrangements.
- Major variations between 2012-13 Estimated actual and the 2013-14 Estimate include:
- 28. Decrease reflects timing differences associated with end of year deferrals.
 - 29. Increase due to expected investment in Water Industry Asset Management system.
 - 30. 2012-13 estimated actual relates to unearned revenue associated with the review of Local Management Arrangements for SunWater's channel irrigation systems.

Cash flow statement

Major variations between 2012-13 Budget and 2012-13 Estimated actual include:

- 31. Decrease mainly due to the return of savings and deferral of funds associated with the Dam Spillway Upgrade Program.
- 32. Decrease mainly relates to the transfer of Coal Seam Gas Water functions, and associated levy, to the Department of Natural Resources and Mines
- 33. Increase mainly reflects revenue relating to the Townsville CBD cooling project together with funding received for the review of Local Management Arrangements for SunWater's channel irrigation systems.
- 34. Decrease mainly due to transfer of funding associated with Coal Seam Gas Water functions to Department of Environment and Heritage Protection together with deferral of various project related expenditure to 2013-14.
- 35. Decrease mainly relates to the Dam Spillway Upgrade Program. Savings have been returned to Government together with deferral of expenditure to 2013-14.
- 36. Decrease reflects deferral of investment to 2013-14.
- 37. Funding of Water Industry Asset Management System ceases in 2012-13.

Major variations between 2012-13 Budget and 2013-14 Estimate include:

- 38. Decrease mainly relates to lower level of deferrals from 2012-13, lower level of funding associated with the Dam Spillway Upgrade Program and transfer of water related community service obligation payments from the controlled entity to the administered entity.
- 39. Decrease primarily relates to the transfer of Coal Seam Gas Water functions, and associated levy, to the Department of Natural Resources and Mines.
- 40. Increase reflects funding received for the review of Local Management Arrangements for SunWater's channel irrigation systems.
- 41. Decrease mainly due to transfer of funding associated with Coal Seam Gas Water functions to Department of Natural Resources and Mines together with deferral of various project related expenditure to 2013-14.
- 42. Decrease mainly reflects lower allocation to Dam Spillway Upgrade Program.
- 43. Increase due to higher level of investment in Water Industry Asset Management system.
- 44. Funding of Water Industry Asset Management System ceases in 2012-13.

Major variations between 2012-13 Estimated actual and the 2013-14 Estimate include:

- 45. Increase mainly reflects deferrals of funds from 2012-13 including the Dam Spillway Upgrade Program.
- 46. Increase mainly due to higher level of funding relating to the review of Local Management Arrangements for SunWater's channel irrigation systems.
- 47. Increase reflects deferral of Dam Spillway Upgrade Program expenditure from 2012-13.
- 48. Mainly reflects expected level of investment in Water Industry Asset Management system.

Administered income statement

Major variations between 2012-13 Budget and 2012-13 Estimated actual include:

- 49. Mainly relates to energy related licensing fees.
- 50. Relates to Dam Spillway Upgrade program funding for Ibis Dam.

Major variations between 2012-13 Budget and 2013-14 Estimate include

- 51. Reflects lower estimate of energy related licensing fees.
- 52. Decrease mainly relates to completion of the water rebate program for domestic water connections in South East Queensland.
- 53. Relates to higher level of Dam Spillway Upgrade program funding for Ibis Dam.

Major variations between 2012-13 Estimated actual and the 2013-14 Estimate include:

54. Reflects lower estimate of energy related licensing fees.
55. Decrease mainly relates to completion of the water rebate program for domestic water connections in South East Queensland.
56. Relates to higher level of Dam Spillway Upgrade program funding for Ibis Dam.

Administered balance sheet

Major variations between 2012-13 Budget and 2012-13 Estimated actual include:

57. Increase cash mainly relates to higher than expected opening balance from 2011-12 following finalisation of Machinery of Government changes.
58. Increase reflects opening balance transferred following finalisation of Machinery of Government changes.
59. Increase reflects estimated investment in non-commercial dam assets.
60. Increase due to higher payables opening balance relating to energy CSO payments.
61. Increase reflects opening balance transferred following finalisation of Machinery of Government changes.
62. Decrease relates to higher than anticipated opening balance upon finalisation of Machinery of Government changes.
63. Relates to investment in non commercial dam assets from the Dam Spillway Upgrade program.

Major variations between 2012-13 Budget and 2013-14 Estimate include

64. Increase cash mainly relates to higher than expected opening balance from 2011-12 following finalisation of Machinery of Government changes.
65. Increase reflects opening balance transferred following finalisation of Machinery of Government changes.
66. Reflects anticipated investment in non commercial dam assets.
67. Increase due to higher payables opening balance relating to energy CSO payments.
68. Increase reflects opening balance transferred following finalisation of Machinery of Government changes.
69. Decrease relates to higher than anticipated opening balance upon finalisation of Machinery of Government changes offset by additional equity investment in non commercial dam assets.
70. Increase relates to investment in non commercial dam assets from the Dam Spillway Upgrade program.

Major variations between 2012-13 Estimated actual and the 2013-14 Estimate include:

71. Increase relates to expected investment in non commercial dam assets.
72. Reflects anticipated additional equity investment in non commercial dam assets.
73. Reflects additional investment in non commercial dam assets from the Dam Spillway Upgrade program.

Administered cash flow statement

Major variations between 2012-13 Budget and 2012-13 Estimated actual include:

74. Relates to Dam Spillway Upgrade program funding for Ibis Dam.
75. Mainly relates to energy related licensing fees.

Major variations between 2012-13 Budget and 2013-14 Estimate include

76. Decrease mainly relates to completion of the water rebate program for domestic water connections in South East Queensland.
77. Relates to higher level of Dam Spillway Upgrade program funding for Ibis Dam.
78. Reflects lower estimate of energy related licensing fees.
79. Relates to expected investment in non commercial dam assets.
80. Reflects equity funding of non commercial dam assets.

Major variations between 2012-13 Estimated actual and the 2013-14 Estimate include:

81. Decrease mainly relates to completion of the water rebate program for domestic water connections in South East Queensland.
82. Relates to higher level of Dam Spillway Upgrade program funding for Ibis Dam.
83. Reflects lower estimate of energy related licensing fees.
84. Increase due to increased investment in non commercial dam assets.
85. Reflects anticipated investment in non commercial dam assets.

STATUTORY BODIES

ENERGY AND WATER OMBUDSMAN QUEENSLAND

AGENCY OVERVIEW

The Energy and Water Ombudsman Queensland (EWOQ) is a free, fair and independent dispute resolution service to assist residential and small business energy or water customers if they are unable to resolve a complaint with their electricity, gas or water supplier. EWOQ is fully funded by an industry levy, imposed on electricity, gas and water distributors and retailers who service small energy and water customers.

Strategic direction

EWOQ contributes to the State Government's objective of lowering the cost of living for families through the provision of a free, fair and independent and impartial dispute resolution service.

EWOQ's main strategic objectives are:

- contributing to improved service delivery in the energy and water sector
- fostering a culture of continually striving for success
- adhering to the principles of independence and accountability in all we do
- providing all Queenslanders with equal access to our service.

The strategic risks faced by EWOQ in meeting its main objectives include:

- loss of confidence in EWOQ's effectiveness by the government, scheme participants, residents and small business owners
- significant increases in complaints to our office
- attraction and retention of qualified staff.

RESOURCES AND PERFORMANCE

At the commencement of the 2012-13 financial year, EWOQ had a staff establishment of 40 full time equivalent positions. Since 1 July 2012 EWOQ has:

- dealt with over 13,000 cases
- provided best practice dispute resolution processes to assist the resolution of complaints between small electricity, gas and water customers and their energy and water suppliers and reduce red tape
- maintained and developed ongoing relationships with key energy and water sector participants and other stakeholders through regular presentations and updates on services
- raised awareness of the services offered to energy and water customers across Queensland through various marketing, engagement and media activities
- identified, reported and provided feedback to the Government and industry participants on systemic customer issues
- referred matters to jurisdictional regulators for their consideration
- implemented a training and development program for staff to ensure that we deliver an efficient and consistently high standard of service.

In 2013-14, EWOQ will focus on the following key priorities:

- fairly and independently investigate and facilitate the resolution of disputes between Queensland's small electricity and reticulated gas customers and energy suppliers, and South East Queensland's (SEQ) small water customers and water suppliers
- raise awareness and proactively promote EWOQ services to energy customers across Queensland and water customers in SEQ with an emphasis on Aboriginal people, Torres Strait Islander people and people from culturally and linguistically diverse backgrounds and seniors.

STATEMENTS

Staffing

Energy and Water Ombudsman Queensland	Notes	2012-13 Budget	2012-13 Est. Actual	2013-14 Estimate
	1	40	41	41

Notes:

1. Full-time equivalents (FTEs) as at 30 June.

Performance Statement

To improve accountability for performance, service standards for the 2013-14 State Budget will only present measures that relate to the efficiency or effectiveness of services delivered. Measures of input and/or activity which do not demonstrate the effectiveness or efficiency of the agency's services have been discontinued. Discontinued measures that remain relevant to the agency's services will continue to be publicly available through alternative communication channels. For details on measures which are being discontinued and where this information may be accessed in the future, please refer to the 2013-14 Budget website at www.budget.qld.gov.au.

Energy and Water Ombudsman Queensland	Notes	2012-13 Target/Est.	2012-13 Est. Actual	2013-14 Target/Est.
Service standards				
Percentage of customers who rate the performance of the Energy and Water Ombudsman as satisfactory or better	1	N/A	N/A	80%
Percentage of complaints received which are resolved in:	2			
<ul style="list-style-type: none"> less than 28 days 		New measure	New measure	80%
<ul style="list-style-type: none"> less than 60 days 		New measure	New measure	90%
<ul style="list-style-type: none"> less than 90 days 		New measure	New measure	95%
<ul style="list-style-type: none"> over 90 days 		New measure	New measure	Less than 95%

Notes:

1. EWOQ conducts a Customer Satisfaction Survey on a biennial basis. No survey was conducted in 2012-13.
2. New measure added to better reflect the performance of EWOQ in resolving complaints. All ombudsman schemes, which are members of the Australian and New Zealand Energy and Water Ombudsman Network, are required to report against these measures and targets.

INCOME STATEMENT

Energy and Water Ombudsman Queensland	Notes	2012-13 Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
Income				
User charges		6,293	5,832	6,420
Grants and other contributions		..	..	..
Other revenue		..	63	..
Gains on sale/revaluation of property, plant and equipment and investments				
Total income		6,293	5,895	6,420
Expenses				
Employee expenses	1, 3, 5	4,628	4,038	4,597
Supplies and services	2, 4	1,628	1,806	1,783
Grants and subsidies		..	..	..
Depreciation and amortisation		3	3	3
Finance/borrowing costs		..	..	..
Other expenses		34	34	37
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		6,293	5,881	6,420
OPERATING SURPLUS/(DEFICIT)		..	14	..

STATEMENT OF CHANGES IN EQUITY

Energy and Water Ombudsman Queensland	Notes	2012-13 Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments	
Increase/(decrease) in asset revaluation reserve	
Net amount of all revenue and expense adjustments direct to equity not disclosed above	
Net income recognised directly in equity	
Surplus/(deficit) for the period		..	14	..
Total recognised income and expense for the period		..	14	..
Equity injection/(withdrawal)	
Equity adjustments (MoG transfers)	
Total movement in equity for period		..	14	..

BALANCE SHEET

Energy and Water Ombudsman Queensland	Notes	2012-13 Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
CURRENT ASSETS				
Cash assets	6, 9	761	661	678
Receivables		25	25	25
Other financial assets		..	..	..
Inventories		..	..	..
Other	7, 10	49	39	39
Non-financial assets held for sale		..	..	..
Total current assets		835	725	742
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		..	7	5
Intangibles		..	..	..
Other		..	..	..
Total non-current assets		..	..	..
TOTAL ASSETS		835	732	747
CURRENT LIABILITIES				
Payables	8, 11, 12	259	165	180
Accrued employee benefits		282	267	267
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total current liabilities		541	432	447
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		82	82	82
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		82	82	82
TOTAL LIABILITIES		623	514	529
NET ASSETS/(LIABILITIES)		212	218	216
EQUITY				
Capital/contributed equity		79	79	79
Accumulated surplus/(accumulated deficit)		133	139	139
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		212	218	218

CASH FLOW STATEMENT

Energy and Water Ombudsman Queensland	Notes	2012-13 Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges	13, 17, 20	6,105	5,807	6,420
Grants and other contributions		..	..	..
Other	14	..	78	..
Outflows:				
Employee costs	15, 18, 21	4,628	4,198	4,597
Supplies and services	16, 19, 22	1,592	1,904	1,754
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other		49	47	52
Net cash provided by/(used in) operating activities		(164)	(264)	17
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles		..	..	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		..	..	..
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		..	..	..
Net increase/(decrease) in cash held		(164)	(264)	17
Cash at the beginning of financial year		925	925	661
Cash transfers from restructure		..	..	..
Cash at the end of financial year		761	661	678

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

Major variations between 2012-13 Budget and 2012-13 Estimated actual include:

1. The variation is due to enterprise bargaining agreement not yet finalised.
2. Unanticipated expenditure relates to relocation of Brisbane based office following expiration of property lease.

Major variations between 2012-13 Budget and 2013-14 Estimate include:

3. The variation is due to the expected enterprise bargaining agreement being a lower percentage increase.
4. Increase relates to higher lease costs at new Brisbane office location.

Major variations between 2012-13 Estimated actual and the 2013-14 Estimate include:

5. The variation is due to a combination of filling all budgeted positions and anticipated costs associated with enterprise bargaining agreement currently being negotiated.

Balance sheet

Major variations between 2012-13 Budget and 2012-13 Estimated actual include:

6. The variation relates to lower than anticipated user pays advances sought as a result of lower than anticipated expenditure.
7. The variation is due to a decrease in prepaid expenses.
8. Decrease relates to lower than anticipated creditors.

Major variations between 2012-13 Budget and 2013-14 Estimate include:

9. The variation relates to user pays quarterly advances being better aligned to cash requirements.
10. The variation is due to a decrease in prepaid expenses.
11. Decrease relates to lower than anticipated creditors.

Major variations between 2012-13 Estimated actual and the 2013-14 Estimate include:

12. Variation relates to movements in creditors.

Cash flow statement

Major variations between 2012-13 Budget and 2012-13 Estimated actual include:

13. Lower than anticipated operating costs and user charges.
14. Unpaid fee interest and bank interest unpredictable and difficult to estimate.
15. The variation is due a combination of not all budgeted positions being filled for the full year and enterprise bargaining agreement not yet finalised.
16. Increase relates to a combination of unanticipated expenditure associated with the relocation of the Brisbane based office and an increase in creditors from 2011-12.

Major variations between 2012-13 Budget and 2013-14 Estimate include:

17. Increase in user charges relates to an increase in operating expenditure.
18. Variation relates to the expected enterprise bargaining agreement being a lower percentage increase.
19. Increase in lease costs associated with the relocation of the Brisbane based office.

Major variations between 2012-13 Estimated actual and the 2013-14 Estimate include:

20. Increase in user charges relates to an increase in operating expenditure.
21. Variation relates to a combination of costs associated with filling all budget positions and anticipated enterprise bargaining agreement increases.
22. Variation relates to one off relocation costs in 2012-13.

QUEENSLAND WATER COMMISSION

AGENCY OVERVIEW

The Queensland Water Commission (QWC) was an independent statutory body under the *Water Act 2000*, responsible for safe, secure and sustainable water supplies in South East Queensland (SEQ) and for providing sound, evidence-based advice on management of the impacts of Coal Seam Gas (CSG) extraction on underground water resources.

Amendments to the *Water Act 2000* by the *South East Queensland Water (Restructuring) and Other Legislation Amendment Act 2012* effectively abolished the QWC at the end of 31 December 2012.

RESOURCES AND PERFORMANCE

QWC staff were transferred to the Department of Energy and Water Supply (DEWS) with effect from 1 July 2012. Arrangements were put in place for the department to provide services back to the QWC to ensure its statutory obligations continued to be delivered until it was abolished. The former CSG Water functions of the QWC were transferred to the Office of Groundwater Impact Assessment, Department of Natural Resources and Mines as at the end of 31 December 2012.

Key achievements during the period 1 July 2012 to 31 December 2012 included:

- progressed actions identified in the SEQ Water Strategy and issued the second annual report on the Strategy
- developed and released System Operating Plan (SOP) Revision 5, which provided for arrangements to apply to the new institutional arrangements from 1 January 2013
- reviewed the first Manufactured Water Readiness Plan, which ensures that manufactured water is available when required to achieve the desired LOS objectives for the SEQ region
- reviewed the Water Supply Asset Plans, which demonstrate the plans and programs of work in place to ensure the consolidated SEQ water demand forecast can be met
- finalised sub-regional Total Water Cycle Management Plans for Caboolture West, Ripley Valley and the combined areas of Caloundra South and Palmview in consultation with key stakeholders
- finalised a discussion paper on Drought Response Planning for SEQ supported by well developed implementation modules
- led the Water Supply Security Technical Working Group and completed modelling work and provided advice on the security of supply implications of temporary alterations to the full supply volume of dams in SEQ, where applicable under legislation
- worked with Queensland Treasury and Trade to develop legislation to effect the new institutional arrangements and operation of the SEQ water sector
- supported implementation of the Government's decision to provide a one-off \$80 rebate for SEQ household water bills, including residents of retirement villages
- consulted with distributor-retailers and councils on potential improvements to the distributor-retailer model
- provided support to Government departments in developing a new Bulk Water Supply Code to replace the SEQ Water Market Rules and bulk water supply agreements and grid contracts
- finalised the Surat Underground Water Impact Report (UWIR) with the approved report taking effect from 1 December 2012
- established the levy payable by petroleum tenure holders to support the underground water management functions under the *Water Act 2000*.

STATEMENTS

Staffing

Queensland Water Commission	Notes	2012-13 Budget	2012-13 Actual	2013-14 Estimate
	1	..	..	N/A

Notes:

1. FTEs were transferred to the Department of Energy and Water Supply from 1 July 2012.

Performance Statement

As the QWC was abolished with effect from the end of 31 December 2012, all service standards are being discontinued. For details on measures which are being discontinued, please refer to the 2013-14 Budget website at www.budget.qld.gov.au.

INCOME STATEMENT

Queensland Water Commission	Notes	2012-13 Budget \$'000	2012-13 Actual \$'000	2013-14 Estimate \$'000
Income				
User charges	1	10,640	7,606	..
Grants and other contributions		..	..	..
Other revenue		175	162	..
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		10,815	7,768	..
Expenses				
Employee expenses	2	3,980	2,999	..
Supplies and services	3	5,598	3,659	..
Grants and subsidies		603	562	..
Depreciation and amortisation		590	480	..
Finance/borrowing costs		..	..	..
Other expenses		44	68	..
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		10,815	7,768	..
OPERATING SURPLUS/(DEFICIT)		..	..	..

STATEMENT OF CHANGES IN EQUITY

Queensland Water Commission	Notes	2012-13 Budget \$'000	2012-13 Actual \$'000	2013-14 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments	
Increase/(decrease) in asset revaluation reserve	
Net amount of all revenue and expense adjustments direct to equity not disclosed above	
Net income recognised directly in equity	
Surplus/(deficit) for the period	
Total recognised income and expense for the period	
Equity injection/(withdrawal)	
Equity adjustments (MoG transfers)	
Total movement in equity for period	

BALANCE SHEET

Queensland Water Commission	Notes	2012-13 Budget \$'000	2012-13 Actual \$'000	2013-14 Estimate \$'000
CURRENT ASSETS				
Cash assets	
Receivables	
Other financial assets	
Inventories	
Other	
Non-financial assets held for sale	
Total current assets	
NON-CURRENT ASSETS				
Receivables	
Other financial assets	
Property, plant and equipment	
Intangibles	
Other	
Total non-current assets	
TOTAL ASSETS	
CURRENT LIABILITIES				
Payables	
Accrued employee benefits	
Interest-bearing liabilities and derivatives	
Provisions	
Other	
Total current liabilities	
NON-CURRENT LIABILITIES				
Payables	
Accrued employee benefits	
Interest-bearing liabilities and derivatives	
Provisions	
Other	
Total non-current liabilities	
TOTAL LIABILITIES	
NET ASSETS/(LIABILITIES)	
EQUITY				
Capital/contributed equity	
Accumulated surplus/(accumulated deficit)	
Reserves:				
- Asset revaluation surplus	
- Other (specify)	
TOTAL EQUITY	

CASH FLOW STATEMENT

Queensland Water Commission	Notes	2012-13 Budget \$'000	2012-13 Actual \$'000	2013-14 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges	4	10,524	14,824	..
Grants and other contributions		..	..	..
Other		175	193	..
Outflows:				
Employee costs	5	(4,775)	(3,274)	..
Supplies and services	6	(6,745)	(13,118)	..
Grants and subsidies	7	(5,697)	(562)	..
Borrowing costs		..	..	..
Other	8	(22)	(641)	..
Net cash provided by/(used in) operating activities		(6,520)	(2,578)	..
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles	9	(275)	..	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		..	..	..
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		..	..	..
Net increase/(decrease) in cash held		(6,795)	(2,578)	..
Cash at the beginning of financial year		9,849	9,849	..
Cash transfers from restructure		..	..	..
Cash at the end of financial year		3,054	7,271	..

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement (for the period 1 July 2012 to 31 December 2012 (6 months))

The QWC was effectively abolished from 31 December 2012 and consequently, actual expenditure reflects six months activity. Furthermore, variance notes relevant to 2013-14 are not required.

Major variations between 2012-13 Budget and 2012-13 Actual include:

1. Decrease in work activity has resulted in a lower level of user charges.
2. Decrease mainly relates to impact of Voluntary Redundancies and lower level of activity as staff transition to Department of Energy and Water Supply.
3. Decrease relates to lower level of expenditure as work programs are finalised.

Cash flow statement

Major variations between 2012-13 Budget and 2012-13 Actual include:

4. Increase reflects receipts of Underground Water Management levy funds for 2012-13.
5. Decrease mainly relates to impact of Voluntary Redundancies and lower level of activity as staff transition to Department of Energy and Water Supply.
6. Increase reflects repayment of seed funding originally included under grants and subsidies together with repayment of unspent water levies offset by lower level of general expenditure as work programs are finalised.
7. Increase reflects repayment of seed funding originally included under grants and subsidies together with repayment of unspent water levies offset by lower level of general expenditure as work programs are finalised.
8. Increase reflects level of GST associated with raising of user charges and lower level of expenditure.
9. Reflects level of activity.

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:

- 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 well being. 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.

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.

