

SERVICE DELIVERY STATEMENTS

**Department of Energy
and Water Supply**

2017-18 Queensland Budget Papers

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Budget Highlights

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Service Delivery Statements

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Queensland
Government

Department of Energy and Water Supply

Summary of portfolio

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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 style="text-align: center;">Minister for Main Roads, Road Safety and Ports and Minister for Energy, Biofuels and Water Supply</p> <p style="text-align: center;">The Honourable Mark Bailey MP</p>
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<p style="text-align: center;">Department of Energy and Water Supply</p> <p style="text-align: center;">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.

The department contributes to the Queensland Government's objectives for the community by creating jobs and a diverse economy, and protecting the environment by designing for the future provision of energy and water supply, and executing policy initiatives, such as the Biofuels Mandate. We will also contribute to building safe, caring and connected communities by ensuring all customers benefit from fair, safe, affordable and reliable energy and water services, and plan and regulate to assure efficient, high-performing accountable service providers, whilst continuing an effective working relationship with the Energy and Water Ombudsman Queensland.

The department's objectives for 2017-18 are:

- design for future provision
- execute policy initiatives
- ensure fair, safe, affordable and reliable services
- assure efficient, high-performing, accountable service providers
- become a world-class regulatory and policy agency.

During 2017-18 the department's key priorities are to:

- implement the \$1.16 billion Powering Queensland Plan to ensure affordable, secure and sustainable energy supply for Queensland homes, businesses and industry. This includes a \$771 million electricity affordability package to cover the cost of the Solar Bonus Scheme, \$386 million for the Powering North Queensland Plan to strengthen and diversify the north's energy supply and establishing an Energy Security Taskforce
- support growth in Queensland's biofuels and bio-manufacturing industries by conducting a biofuels public awareness campaign and implementing a regulatory framework
- implement the Government's response to the Renewable Energy Expert Panel on a 50% renewable energy target by 2030, including a reverse auction for up to 400 megawatts of renewable energy capacity
- support the Government's A Solar Future commitments, through implementation of the 1 Million Solar Rooftops policy and Solar 150 reverse auctions including through implementation of projects relating to Solar for Community Housing and Solar in Schools
- support regional Queensland through the delivery of a support package for Regional Business Customers and a digital metering package targeting vulnerable customers in regional Queensland
- influence national policy outcomes through the Council of Australian Governments Energy Council (COAG), putting forward proposals to progress Queensland's interests and maximise benefits of national investment in Queensland
- develop a response to the State Infrastructure Plan in relation to water supply infrastructure
- transition SunWater's irrigation channels for Eton, Emerald, St George and Theodore to Local Management Arrangements if agreement is reached with customers.

Through an analysis of our operating environment, the department has assessed the following factors that may present challenges to our operations:

- appropriate and timely response to disaster and emergency events
- using quality data and analytics to improve policy development
- changing stakeholder expectations in an uncertain national policy context
- global advances that are transforming 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 core functions of the Energy service area are to:

- undertake policy and economic analysis, and provide advice to the Minister for Energy, Biofuels and Water Supply on matters related to energy policy at the state and national level
- deliver simple and effective regulation to support the efficient and secure operation of the energy sector, while meeting the needs of the community and maximising the value and productivity of the Government's own operations
- enhance customer value for Queenslanders by acting to ensure they have access to reliable and cost-effective energy and provide a framework for consumer protection
- facilitate economic growth and innovation by helping to unlock the State's renewable energy potential to create new industries and new jobs while driving broader productivity improvements across the energy sector to underpin Queensland's economic growth.

The service area achieves this through:

- designing for future service provision and developing and implementing key energy policy initiatives
- protecting energy customers by ensuring fair and safe regulation of the energy industry and assist energy entities to be efficient, accountable and high performing
- developing and implementing 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.

Services

- Energy strategy
- Energy regulation

2017-18 service area highlights

In 2017-18 the service area will:

- implementing the \$1.16 billion Powering Queensland Plan to ensure affordable, secure and sustainable energy supply for Queensland homes, businesses and industry. This includes a \$771 million electricity affordability package to cover the cost of the Solar Bonus Scheme, \$386 million for the Powering North Queensland Plan to strengthen and diversify the north's energy supply and establishing an Energy Security Taskforce
- support growth in Queensland's biofuels and bio-manufacturing industries by conducting a biofuels public awareness campaign, implementing a regulatory framework, and providing advice on key liquid fuel issues
- implement the Government's response to the Renewable Energy Expert Panel on a 50% renewable target by 2030, including a reverse auction for up to 400 megawatts of renewable energy capacity
- investigate the establishment of a Clean Energy Company that will own the State's renewable energy assets

- support the Government's A Solar Future commitments, through implementation of the 1 Million Solar Rooftops policy and Solar 150 reverse auctions including through implementation of projects relating to Solar for Community Housing and Solar in Schools
- deliver a digital metering package targeting vulnerable customers in regional Queensland
- support regional Queensland through the delivery of a support package for Regional Business Customers
- provide ongoing advice on energy pricing issues including retail, wholesale, gas and liquid fuels
- review all energy based legislation and identify change proposals
- review the department's approach to energy emergencies, coordinate with market bodies and participants and review and update operational procedures
- implement key government commitments relating to energy including:
 - providing a stable and welcoming regulatory environment to encourage private sector investment in renewable energy
 - influencing national policy outcomes through the COAG Energy Council, putting forward proposals to progress Queensland's interests and maximise benefits of national investment in Queensland.

Department of Energy and Water Supply	Notes	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 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	80%	80%	80%
<i>Efficiency measure</i> Average cost of support and assistance provided per vulnerable household to manage energy use	2	New measure	New measure	<\$1
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	3	90%	78%	90%
Community infrastructure designation requests processed within four months of receipt of all information to the relevant Minister and withstand scrutiny under judicial review	4	90%	100%	90%

Department of Energy and Water Supply	Notes	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
<i>Efficiency measure</i> Cost per Biofuels exemption application assessed	5	New measure	New measure	<\$4,680

Notes:

1. This is a survey of key stakeholders on their engagement by the department on Queensland's energy policy issues, at both the state and national levels. It provides levels of overall satisfaction with the department's approach, and quality of engagement activities undertaken. This survey is able to draw on some previous survey data, however, the stakeholder group may change from year to year.
2. This measure captures the average cost of providing support and assistance to vulnerable households in managing energy use, and interacting with and understanding the energy market. By engaging with stakeholders and vulnerable customers; monitoring key customer indicator data on energy disconnections for debt, retailer payment plans and hardship programs and concession uptake; the department will continuously improve current projects as well as assist in the identification and development of additional projects and policies for vulnerable customers.
3. 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.
4. No applications for community infrastructure design were received by the department in 2016-17. The target of 100% was therefore achieved.
5. This new measure captures the cost efficiency of the department in supporting exemption application decisions by supporting eligible applicants, through tasks including arranging the pre-lodgement meeting (noting this stage is optional for applicants), registering and tracking application documentation, information assessments, preparation of draft and final decision documentation, liaison with legal services and correspondence with the applicant. The department will continuously improve its assessment practices and education of regulated businesses.

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:

- co-ordinate across Government water supply planning and the consideration of new bulk water infrastructure
- provide advice on possible temporary full supply levels for the State's flood mitigation dams
- develop and implement policy on state and national water supply issues, and facilitate changes to water supply and related legislation
- provide economic evaluation, and advice, on SEQ urban 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; and the quality of recycled water supplied by certain recycled water providers
- provide advice on 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

2017-18 service area highlights

In 2017-18 the service area will:

- develop a response to the State Infrastructure Plan in relation to water supply infrastructure
- facilitate the administration of the National Water Infrastructure Development Fund (NWIDF) feasibility studies, coordinate whole-of-government consideration of capital projects to be put forward by Queensland under the NWIDF capital component and consider other water infrastructure proposals to ensure Queensland's water supply is secure and delivers strong economic benefits
- if agreement is reached with customers, transition SunWater's irrigation channels for Eton, Emerald, St George and Theodore to Local Management Arrangements
- undertake audits and improvements on the department's non-commercial dams and weirs, and consider divestment
- partner with water service providers to develop regional water supply security assessments in selected regions to assess water supply availability/security, and represent Queensland Government on Townsville Water Security Taskforce
- continue regulating Emergency Action Plans and building capacity of dam owners and stakeholders.

Department of Energy and Water Supply	Notes	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 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	80%	80%	80%
<i>Efficiency measure</i> Cost per non-commercial asset to ensure the safe management of State-owned assets each year - average cost per non-referable water asset in the non-commercial asset portfolio	2	New measure	New measure	\$12,500
- average cost per referable dam in the non-commercial asset portfolio	3	New measure	New measure	\$299,500
Service: Water supply regulation				
Service standards				
<i>Effectiveness measure</i> Percentage of the State's drinking water services that have appropriate drinking water quality monitoring and response frameworks in place	4	100%	100%	100%
<i>Efficiency measures</i> Average cost to approve amendments to drinking water quality management plans	5	New measure	New measure	<\$1,440
Average cost per participant of support provided to implement and deliver workshops and visits	6	New measure	New measure	<\$400

Notes:

1. This survey of key stakeholders on engagement on Queensland's water supply policy issues, at both the state and national levels, provides levels of overall satisfaction with the department's approach, and quality of engagement activities undertaken. This survey draws on some previous surveys data, however, the stakeholder group may change from year to year.
2. This new measure captures the direct cost of safely managing each dam, weir and structure within the non-commercial assets portfolio against the cost of operational staff based in Rockhampton. This measure seeks to demonstrate the department meeting industry best practice standards in managing the asset portfolio consisting of 21 structures and associated land, plant and equipment across Queensland and is baselined against the previous two years. These structures provide water supply, environmental protection (capped mine tailings) and recreation benefits to local communities, visitors and businesses. The water is used for stock and domestic purposes, irrigation, construction and road maintenance, fire-fighting and back-up supplies for local communities.
3. Referable dams are those that have a population at risk of two or more persons in the event of possible dam failure.
4. Any new service providers registered may not have a Drinking Water Quality Management Plans (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. The department is testing a new effectiveness measure for drinking water services and will replace this measure in 2018-19.
5. This new measure provides an indication of cost efficiency in the performance of the department's management DWQMP, whilst demonstrating the regulator's productivity. The department considers these DWQMP major amendments against the criteria set in the *Water Supply (Safety and Reliability) Act 2008* and the Drinking Water Quality Management Plan Guideline, and approves compliant DWQMPs to ensure the ongoing safety of drinking water supplied to communities.

6. This new measure provides an indication of cost efficiency by measuring the average costs incurred by the department in conducting workshops and/or visits to the regions in administering support programs to assist regulated entities achieve compliance. By providing workshops and face to face visits, the department supports the regulated entities in developing a greater understanding of the regulatory framework whilst improving the implementation and facilitation of workshops.

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 (CSO) 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 or regional Queenslanders, the Government provides funding to Ergon Energy Retail as part of Energy Queensland Group to cover the difference between the cost of supply allowed for in the regulated tariffs and the costs in the Ergon Energy distribution area
- Through an appropriation administration by the department, the Government provides CSO payments to Ergon Energy Retail as part of Energy Queensland Group, 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 the electricity related CSO payments in 2017-18 will total \$490.7 million
- The department also provides CSO payments to SunWater and Seqwater estimated to be \$11.2 million in 2017–18. 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 21 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 expenditure of \$9.7 million including depreciation.

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 2017-18 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	2016-17 Budget \$'000	2016-17 Est. Actual \$'000	2017-18 Budget \$'000
CONTROLLED			
Income			
Appropriation revenue ¹			
Deferred from previous year	7,676	8,567	8,936
Balance of service appropriation	49,491	55,472	74,910
Other revenue	4,711	5,429	5,447
Total income	61,878	69,468	89,293
Expenses			
Energy	34,388	39,068	48,280
Water Supply	27,490	30,401	41,013
Total expenses	61,878	69,468	89,293
Operating surplus/deficit	-	-	-
Net assets	14,348	14,348	14,348
ADMINISTERED			
Revenue			
Appropriation revenue	592,534	1,412,622	516,880
Other administered revenue	269	269	279
Total revenue	592,803	1,412,891	517,159
Expenses			
Transfers to government	269	269	279
Administered expenses	592,534	1,412,622	516,880
Total expenses	592,803	1,412,891	517,159
Net assets	209,353	196,894	188,188

Note:

1. Includes State and Commonwealth funding.

Service area sources of revenue¹

Sources of revenue 2017-18 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	48,280	42,972	..	..	5,308
Water Supply	41,013	25,244	..	15,630	139
Total	89,293	68,216	..	15,630	5,447

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 2016-17 State Budget. Further details are contained in *Budget Measures (Budget Paper 4)*.

Department of Energy and Water Supply	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Revenue measures					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
Expense measures³					
Administered ¹	773,100	11,235	10,685	318	318
Departmental ²	5,139	35,407	7,413	2,130	99
Capital measures					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..

Notes:

1. Funding for a one off payment of \$771 million in relation to the affordability package in 2016-17 has been provided together with the continuation of SunWater and Seqwater community service obligations (CSO) up to 2018-19, thereafter funding for the Water CSO's will be considered after the Government's next review of irrigation prices.
2. Increases to 2017-18 are associated with new limited life initiatives including National Water Infrastructure Development Fund and Regional Business Support.
3. Figures include the whole-of-government expense measures 'Reprioritisations' and 'Brisbane CBD government office agency rental impacts'. Numbers may not reconcile with *Budget Measures (Budget Paper 4)* because it does not represent the full amount of additional funding provided to agencies since the 2016-17 Budget. For further explanation, refer to Explanation of Scope and Terms in Chapter 1 of *Budget Measures (Budget Paper 4)*.

Departmental capital program

The department has no planned capital acquisitions. For more detail in relation to the Energy and Water Supply portfolio, please refer to the *Capital Statement (Budget Paper 3)*.

Staffing¹

Department of Energy and Water Supply	Notes	2016-17 Budget	2016-17 Est. Actual	2017-18 Budget
Energy	2, 3	104	107	110
Water Supply	2, 3	120	120	118
TOTAL⁴		224	227	228

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 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. The permanent FTEs remain at 215 for the Department, the overall increase in FTEs is due to temporary positions associated with limited life programs.

Budgeted financial statements

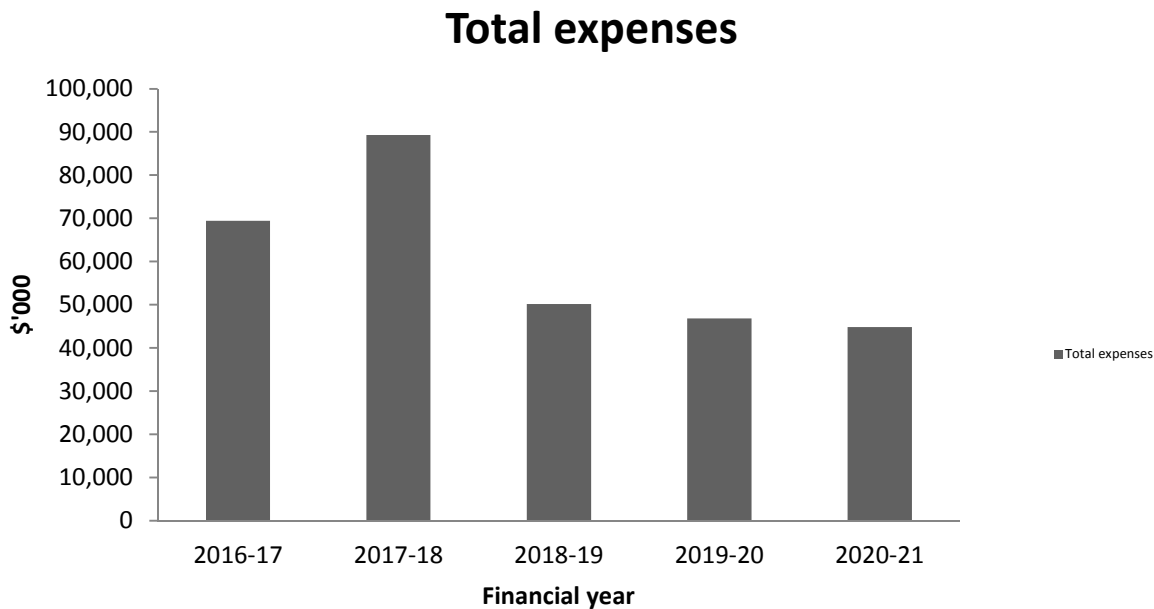
Analysis of budgeted financial statements

An analysis of the department's financial statements is provided below.

Departmental income statement

Total expenses are estimated to be \$89.3 million in 2017-18. Limited life projects have added to the core funding total by \$26.7 million in 2016-17 and \$46.3 million in 2017-18. Commonwealth funding of \$15.6 million is anticipated in 2017-18 for the delivery of feasibility studies under Part 1 of the National Water Infrastructure Development Fund (NWIDF). The Government is providing payments in advance of Commonwealth funding to assist proponents in the delivery of feasibility studies under the NWIDF based on agreed milestones. \$10 million has been provided as part of the Powering Queensland Plan and \$8.5 million for Regional Business Support. The decrease in expenses in 2018-19 are primarily due to Commonwealth funding for NWIDF reducing in 2018-19 and ceasing the following year together with a portion of funding provided for limited life projects. Further details of limited life projects are outlined in the department's Budget Measures (Budget Paper 4).

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. 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 (CSO) claims. The water infrastructure assets of \$189.8 million 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	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
INCOME				
Appropriation revenue	1,7,14	57,167	64,039	83,846
Taxes		..	..	..
User charges and fees		..	..	..
Royalties and land rents		..	..	..
Grants and other contributions	2,8	4,573	5,291	5,308
Interest		..	..	..
Other revenue		138	138	139
Gains on sale/revaluation of assets		..	..	..
Total income		61,878	69,468	89,293
EXPENSES				
Employee expenses	9,15	26,676	26,764	28,494
Supplies and services	10,16	28,428	26,358	25,846
Grants and subsidies	3,11,17	6,254	15,512	33,803
Depreciation and amortisation	4,12,18	232	21	8
Finance/borrowing costs		..	..	..
Other expenses	5,13,19	288	777	1,142
Losses on sale/revaluation of assets	6,20	..	36	..
Total expenses		61,878	69,468	89,293
OPERATING SURPLUS/(DEFICIT)		..	..	..

Controlled balance sheet

Department of Energy and Water Supply	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
CURRENT ASSETS				
Cash assets		14,958	14,569	14,577
Receivables		753	940	908
Other financial assets		..	..	..
Inventories		..	..	..
Other		..	..	..
Non-financial assets held for sale		..	..	..
Total current assets		15,711	15,509	15,485
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	21,23	682	223	215
Intangibles		..	..	..
Other		..	..	..
Total non-current assets		682	223	215
TOTAL ASSETS		16,393	15,732	15,700
CURRENT LIABILITIES				
Payables	22,24	930	318	286
Accrued employee benefits		1,115	1,066	1,066
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total current liabilities		2,045	1,384	1,352
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		2,045	1,384	1,352
NET ASSETS/(LIABILITIES)		14,348	14,348	14,348
EQUITY				
TOTAL EQUITY		14,348	14,348	14,348

Controlled cash flow statement

Department of Energy and Water Supply	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Appropriation receipts		57,167	57,867	83,846
User charges and fees		..	..	..
Royalties and land rent receipts		..	..	..
Grants and other contributions	25,28	4,573	5,291	5,308
Interest received		..	..	..
Taxes		..	..	..
Other		1,180	1,180	1,181
Outflows:				
Employee costs	29,33	(26,640)	(26,714)	(28,494)
Supplies and services	30,34	(29,456)	(28,542)	(26,888)
Grants and subsidies	26,31,35	(6,254)	(15,512)	(33,803)
Borrowing costs		..	..	..
Other	27,32	(288)	(1,026)	(1,142)
Net cash provided by or used in operating activities		282	(7,456)	8
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of non-financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for non-financial assets		..	..	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by or 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 or used in financing activities		..	..	..
Net increase/(decrease) in cash held		282	(7,456)	8
Cash at the beginning of financial year		14,676	22,025	14,569
Cash transfers from restructure		..	..	..
Cash at the end of financial year		14,958	14,569	14,577

Administered income statement

Department of Energy and Water Supply	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
INCOME				
Appropriation revenue	36,39,42	592,534	1,412,622	516,880
Taxes		..	..	..
User charges and fees		269	269	279
Royalties and land rents		..	..	..
Grants and other contributions		..	..	..
Interest		..	..	..
Other revenue		..	..	..
Gains on sale/revaluation of assets		..	..	..
Total income		592,803	1,412,891	517,159
EXPENSES				
Employee expenses		..	..	..
Supplies and services	37,40,43	6,745	1,988	5,763
Grants and subsidies	38,41,44	577,083	1,401,928	502,411
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		269	269	279
Total expenses		592,803	1,412,891	517,159
OPERATING SURPLUS/(DEFICIT)		..	..	..

Administered balance sheet

Department of Energy and Water Supply	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
CURRENT ASSETS				
Cash assets		44,513	48,470	49,764
Receivables		48,627	55,176	57,142
Other financial assets		..	..	..
Inventories		..	..	..
Other		..	..	..
Non-financial assets held for sale		..	..	..
Total current assets		93,140	103,646	106,906
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	45,47	211,045	198,469	189,763
Intangibles		..	..	..
Other		..	..	..
Total non-current assets		211,045	198,469	189,763
TOTAL ASSETS		304,185	302,115	296,669
CURRENT LIABILITIES				
Payables	46,48	94,832	105,221	108,481
Transfers to Government payable		..	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total current liabilities		94,832	105,221	108,481
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		94,832	105,221	108,481
NET ASSETS/(LIABILITIES)		209,353	196,894	188,188
EQUITY				
TOTAL EQUITY		209,353	196,894	188,188

Administered cash flow statement

Department of Energy and Water Supply	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Appropriation receipts	49,52,54	592,534	1,445,611	516,880
User charges and fees		269	269	269
Royalties and land rent receipts		..	..	..
Grants and other contributions		..	..	..
Interest received		..	..	..
Taxes		..	..	..
Other		56,700	56,700	63,239
Outflows:				
Employee costs		..	..	..
Supplies and services	50,55	(63,445)	(49,026)	(67,698)
Grants and subsidies	51,53,56	(567,689)	(1,392,534)	(502,411)
Borrowing costs		..	..	..
Other		..	..	..
Transfers to Government		(269)	(269)	(279)
Net cash provided by or used in operating activities		18,100	60,751	10,000
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of non-financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for non-financial assets		..	..	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by or used in investing activities		..	..	..
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		(8,706)	(8,706)	(8,706)
Net cash provided by or used in financing activities		(8,706)	(8,706)	(8,706)
Net increase/(decrease) in cash held		9,394	52,045	1,294
Cash at the beginning of financial year		35,119	(3,575)	48,470
Cash transfers from restructure		..	..	..
Cash at the end of financial year		44,513	48,470	49,764

Explanation of variances in the financial statements

Income statement

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

1. The increase is primarily due to Commonwealth funding provided for the delivery of feasibility studies in relation to the National Water Infrastructure Development Fund (NWIDF) in arrears. Additional funding has also been provided for limited life projects, which are outlined in the department's *Budget Measures (Budget Paper 4)*.
2. The increase is due to the contribution provided by AGL Energy in relation to the department's Vulnerable Customer Support Initiative.
3. The increase is due to new funding including Regional Business Support and payments in advance of Commonwealth funding to assist proponents in the delivery of feasibility studies in relation to the NWIDF.
4. The decrease is due to the retirement of property, plant and equipment.
5. The increase is due to the reclassification of expenditure in relation to Local Management Arrangements.
6. The loss on sale is due to retirement of property, plant and equipment.

Major variations between 2016-17 Budget and 2017-18 Budget include:

7. The increase is primarily due to Commonwealth funding provided in arrears for the delivery of feasibility studies in relation to the NWIDF. Additional funding has also been provided for limited life projects, which are outlined in the department's *Budget Measures (Budget Paper 4)*.
8. The increase is due to the Australian Energy Market Commission agreed funding contribution for 2017-18 being higher than the 2016-17 contribution.
9. The increase is due to limited life programs for temporary FTEs in relation to the compliance and regulation of the Biofuels Mandate and the co-ordination role in relation to the Prioritisation of New Bulk Water Infrastructure.
10. The decrease is due to the completion of the first stage of the limited life programs in relation to the implementation of the Biofuels Mandate and the Energy Consumer Education Campaign offset by an increase in relation to the Powering Queensland Plan and Regional Business Support.
11. The increase is primarily due to limited life programs for the NWIDF and Regional Business Support.
12. The decrease is due to the retirement of property, plant and equipment.
13. The increase is due primarily to the Digital Electricity Meters for Low Income Regional Residents program and the reclassification of expenditure in relation to Local Management Arrangements.

Major variations between 2016-17 Estimated Actual and the 2017-18 Budget include:

14. The increase is primarily due to Commonwealth funding provided in arrears for the delivery of feasibility studies in relation to the NWIDF. Additional funding has also been provided for limited life projects, which are outlined in the department's *Budget Measures (Budget Paper 4)*.
15. The increase is due to limited life programs for temporary FTEs in relation to the compliance and regulation of the Biofuels Mandate and the co-ordination role in relation to the Prioritisation of New Bulk Water Infrastructure.
16. The decrease is due to the completion of the first stage of the limited life programs in relation to the implementation of the Biofuels Mandate and the Energy Consumer Education Campaign offset by an increase in relation to the Powering Queensland Plan and Regional Business Support.
17. The increase is primarily due to limited life programs for the NWIDF and Regional Business Support.
18. The decrease is due to the retirement of property, plant and equipment.
19. The increase is due primarily to the Digital Electricity Meters for Low Income Regional Residents program and the reprofiling of spending in relation to Local Management Arrangements.
20. The decrease is due to the loss on retirement of property, plant and equipment.

Balance sheet

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

21. The decrease is due to the retirement of property, plant and equipment.

22. The decrease in payables primarily relates to decreased accrued expenses based on past trends.

Major variations between 2016-17 Budget and 2017-18 Budget include:

23. The decrease is due to the retirement of property, plant and equipment.

24. The decrease in payables primarily relates to decreased accrued expenses based on past trends.

Cash flow statement

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

25. Increase is primarily due to the contribution provided by AGL Energy in relation to the department's Vulnerable Customer Support Initiative.

26. The increase is due to the delivery of feasibility studies under the NWIDF, funded by the Australian Government.

27. The increase is due to the reclassification of expenditure in relation to Local Management Arrangements.

Major variations between 2016-17 Budget and 2017-18 Budget include:

28. The increase is due to the Australian Energy Market Commission agreed funding contribution for 2017-18 being higher than for 2016-17.

29. The increase is due to limited life programs for temporary FTEs in relation to the compliance and regulation of the Biofuels Mandate and the co-ordination role in relation to the Prioritisation of New Bulk Water Infrastructure.

30. The decrease is due to the completion of the first stage of the limited life programs in relation to the implementation of the Biofuels Mandate and the Energy Consumer Education Campaign offset by an increase in relation to the Powering Queensland Plan and Regional Business Support.

31. The increase is primarily due to the limited life programs for the NWIDF and Regional Business Support.

32. The increase is due primarily to the Digital Electricity Meters for Low Income Regional Residents program and the reclassification of expenditure in relation to Local Management Arrangements.

Major variations between 2016-17 Estimated Actual and the 2017-18 Budget include:

33. The increase is due to limited life programs for temporary FTEs in relation to the compliance and regulation of the Biofuels Mandate and the co-ordination role in relation to the Prioritisation of New Bulk Water Infrastructure.

34. The decrease is due to the completion of the first stage of the limited life programs in relation to the implementation of the Biofuels Mandate and the Energy Consumer Education Campaign offset by an increase in relation to the Powering Queensland Plan and Regional Business Support.

35. The increase is primarily due to the limited life programs for the NWIDF and Regional Business Support.

Administered income statement

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

36. The increase is primarily due to higher funding requirements for CSO payments and funding provided for the electricity affordability package.

37. The decrease is due to the reprofiling of expenditure for refurbishment and upgrade works in relation to the water infrastructure assets.

38. The increase is due to funding for the electricity affordability package and higher Energy Queensland CSO payments under the Uniform Tariff Policy primarily due to record temperatures experienced in early 2017.

Major variations between 2016-17 Budget and 2017-18 Budget include:

39. The decrease is primarily due to reduced funding requirements for CSO payments.

40. The decrease is in line with the forecast maintenance program for water infrastructure assets.

41. The decrease is primarily due to an expected decrease in CSO payments to Energy Queensland under the Uniform Tariff Policy due to the continuing decline in allowable revenue set for the distribution business as determined by the Australian Energy Regulator.

Major variations between 2016-17 Estimated Actual and the 2017-18 Budget include:

42. The decrease is primarily due to funding in 2016-17 relating to the electricity affordability package and reduced funding requirements for CSO payments.
43. The increase is due to the reprofiling of expenditure from 2016-17 for refurbishment and upgrade works in relation to the water infrastructure assets.
44. The decrease is primarily due to payments in 2016-17 in relation to the electricity affordability package and an expected decrease in CSO payments to Energy Queensland under the Uniform Tariff Policy due to the continuing decline in allowable revenue set for the distribution business as determined by the Australian Energy Regulator.

Administered balance sheet

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

45. The decrease is due to the revaluation and transfer of water infrastructure assets.
46. The increase is due to expected payables as at 30 June 2017 primarily due to GST and CSO payables.

Major variations between 2016-17 Budget and 2017-18 Budget include:

47. The decrease is due to the revaluation and transfer of water infrastructure assets.
48. The increase is due to expected payables as at 30 June 2018 primarily due to GST and CSO payables.

Administered cash flow statement

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

49. The increase is primarily due to the electricity affordability package and higher CSO payments.
50. The decrease is due to reduced expenditure for refurbishment and upgrade works in relation to the water infrastructure assets and GST remittances.
51. The increase is primarily due to the electricity affordability package and higher Energy Queensland CSO payments under the Uniform Tariff Policy primarily due to record temperatures experienced in early 2017.

Major variations between 2016-17 Budget and 2017-18 Budget include:

52. The decrease is primarily due to lower CSO payments.
53. The decrease is primarily due to an expected decrease in CSO payments to Energy Queensland under the Uniform Tariff Policy due to the continuing decline in allowable revenue set for the distribution business as determined by the Australian Energy Regulator.

Major variations between 2016-17 Estimated Actual and the 2017-18 Budget include:

54. The decrease is primarily due to the electricity affordability package and lower CSO payments.
55. The increase is due to the reprofiling of expenditure for refurbishment and upgrade works in relation to the water infrastructure assets and GST remittances.
56. The decrease is primarily due to the electricity affordability package and expected decrease in CSO payments to Energy Queensland under the Uniform Tariff Policy due to the continuing decline in allowable revenue set for the distribution business as determined by the Australian Energy Regulator.

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 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



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Service Delivery Statements

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