

Service Delivery Statements

Department of Energy and Water Supply

2014–15 State Budget Papers

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Appropriation Bills

Concessions Statement

The suite of Budget Papers is similar to that published in 2013-14.

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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	2013-14 Adjusted Budget \$'000	2013-14 Est. Actual \$'000	2014-15 Budget \$'000
2	Department of Energy and Water Supply - controlled	104,681	62,449	50,729
	Department of Energy and Water Supply - administered	640,143	585,982	711,976
26	Energy and Water Ombudsman Queensland	6,420	6,276	6,600

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:

Minister for Energy and Water Supply The Honourable Mark McArdle MP

Department of Energy and Water Supply Director-General: Dan Hunt
Service Area 1: Energy
Service Area 2: Water Supply

Energy and Water Ombudsman Queensland Ombudsman: Forbes Smith
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.

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:

A prosperous Queensland through resilient and affordable energy and water supply sectors.

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 resilient energy and water supply and reducing regulatory burden
- lower the cost of living for families - by identifying and implementing energy and water sector reform to address cost pressures on electricity and water prices
- deliver better infrastructure and better planning - by developing and implementing PowerQ and WaterQ and working collaboratively with our industry and knowledge partners
- 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:

- implementing policy solutions to put downward pressure on the cost of living
- ensuring the energy and water supply markets are responsive to changes in demand
- effectively engaging with stakeholders and customers
- matching internal capability and capacity with workforce requirements
- influencing the government agenda to produce best outcomes for our customers
- implementing all accepted electricity sector reform recommendations
- being innovative and keeping up with the pace of change.

During 2014-15, the department will continue to focus on:

- implementing agreed outcomes of the Inter-Departmental Committee (IDC) on electricity sector reform
- implementing the short term actions identified in PowerQ - the 30 Year Electricity Strategy and scoping and planning the actions to be delivered in 2015-16
- developing a long-term Tariff Reform Strategy to give consumers a greater choice of options to manage their electricity consumption and bills, and provide improved price signals to increase utilisation and improve the efficiency of the state's electricity infrastructure
- completing the initial implementation of the new Emergency Action Plan regulatory requirements for the State's 104 referable dams
- implementing the actions identified in WaterQ - the 30 Year Water Strategy for the water supply sector
- assisting with the implementation of the recommendations of the dam optimisation studies for the water supply sector
- completing the review of SEQ Level of Service for water supply security and implementing the government's decision
- developing guidelines for the Water Security Program to be developed by Seqwater
- continuing the water supply security assessments for priority regions and building local capability

- completing the initial Total Asset Management Plan for the department's Non-Commercial Water Assets and commencing implementation as recommended by the Commission of Audit
- assessing the future management of Non-Commercial Water Assets
- undertaking the reform of Local Management Arrangements for SunWater's channel irrigation schemes
- move to market monitoring in SEQ for retail electricity from 1 July 2015
- continuing to implement red tape reduction initiatives.

During 2013-14, the department delivered a number of government priorities and commitments:

- implemented agreed outcomes of the IDC on electricity sector reform including:
 - development and consultation on PowerQ – the 30 Year Strategy for the Queensland electricity sector;
 - closed the Queensland Gas Scheme;
 - removed restrictions on new coal-fired power stations;
 - replaced prescriptive security and reliability standards that drive network over-investment with a more economically derived, outcomes-based approach that better reflects customer expectations and values;
 - ensured network service providers were implementing efficiency improvement actions as agreed;
 - encouraged the electricity distributors to pursue cost-effective demand-side measures as alternatives to network investment;
 - engaged in development of the Queensland State Planning Policy to ensure existing and future electricity network infrastructure is properly considered and reflected in local government planning schemes; and
 - addressed barriers to the growth of retail competition in regional Queensland electricity supply, including moving towards a network based Uniform Tariff Policy Community Service Obligation within three years, in parallel with reform of Ergon Energy Retail.
- led the optimisation studies for Wivenhoe, Somerset and North Pine Dams and undertook public consultation
- led the development, and initial implementation, of new regulatory requirements for Emergency Action Plans for the state's 104 referable dams
- took action to limit the price increases for transitional and obsolete electricity tariffs, including farming and irrigation tariffs, to no more than 10 per cent for 2013-14
- continued implementation of price monitoring for retail electricity prices with legislation introduced into Parliament
- with Queensland Treasury and Trade and in accordance with the Queensland Commission of Audit recommendations, establishing the Queensland Competition Authority as the pricing regulator from 1 July 2015 for SEQ bulk water prices
- completed the dam safety upgrade of Ibis Dam and transferred it to Tablelands Regional Council
- commenced the Total Asset Management Plan and the Contestability Lifecycle Assessment for Non-Commercial Water Assets and developed a business case for continuing service delivery
- removed regulatory duplication and encouraged beneficial re-use of coal seam gas water
- completing the assessment of drinking water quality risk assessment and management plans for the state's drinking water service providers
- continued the reform of local management arrangements for SunWater's irrigation schemes by working with the project team on a range of due diligence consultancies and assisting to establish a financial 'base case' to allow government to compare costs of operation
- removal of unnecessary statutory plans and established a performance reporting framework whereby service providers will report annually on their performances commencing 1 July 2014
- continued to focus on water sector reform through the development of WaterQ the 30-Year Water Strategy and the assessment of water supply security in priority regions.

Departmental Budget Summary

The table below shows the total resources available in 2014-15 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	2013-14 Adjusted Budget \$'000	2013-14 Est. Actual \$'000	2014-15 Budget \$'000
CONTROLLED			
Income			
Appropriation revenue ¹			
Deferred from previous year/s	46,044	8,258	11,740
Balance of service appropriation	56,162	50,312	34,517
Other revenue	2,475	3,879	4,472
Total income	104,681	62,449	50,729
Expenses			
Energy	42,634	22,444	24,218
Water Supply	62,047	40,005	26,511
Total expenses	104,681	62,449	50,729
Operating surplus/deficit	..	..	..
Net assets	16,109	18,714	18,714
ADMINISTERED			
Revenue			
Commonwealth revenue	..	..	..
Appropriation revenue	639,044	584,883	711,178
Other administered revenue	6,666	1,099	798
Total revenue	645,710	585,982	711,976
Expenses			
Transfers to government	974	974	673
Administered expenses	639,169	585,008	711,303
Total expenses	640,143	585,982	711,976
Net assets	28,143	92,827	88,927

Notes:

1. Includes State and Commonwealth funding.

Budget Measures Summary

The table shows a summary of Budget measures relating to the department since the 2013-14 Budget. Further details are contained in Budget Paper No. 4.

Department of Energy and Water Supply	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Revenue measures					
Administered
Departmental
Expense measures					
Administered	..	500	500	..	..
Departmental
Capital measures					
Administered	..	1,500	1,000	..	..
Departmental

Notes:

1. The totals reconcile with Budget Paper 4.

Staffing¹

Service Areas ^{2,3}	Notes	2013-14	2013-14	2014-15
		Adjusted Budget	Est. Actual	Budget
Energy	4,5	114	110	100
Water Supply	4,5	159	140	125
TOTAL		273	250	225

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Corporate FTEs are allocated across the service to which they relate.
3. The department also participates in a partnership arrangement, whereby it receives corporate services from the Department of Environment and Heritage Protection, the Department of Agriculture, Fisheries and Forestry and the Department of Natural Resources and Mines.
4. 2013-14 Estimated actual is lower than anticipated due to administrative savings being released from vacancy management, natural attrition and changes to Planning, Performance and Governance which reduces duplication with the Business Corporate Partnership.
5. 2014-15 budget is lower than 2013-14 Estimated actual due to the anticipated outcomes of renewal as well as further administrative savings as a result of the completion of a regulatory work program and some simplification of the Water Supply Regulatory arrangements.

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 of electricity sector reform, to address cost of living pressures and the sustainability of the sector.

Energy delivers three services:

- **Energy Strategy** - responsible for delivery and implementation of PowerQ, a 30 Year Electricity Strategy; delivery of a comprehensive electricity agenda to reduce price pressures on Queensland businesses, farmers and households via the Electricity Reform Implementation Program; and developing and implementing policy for renewable and alternative energy
- **Energy Supply and Regulation** - responsible for developing and implementing policy that directly affects the supply of electricity and gas; ensuring that effective emergency planning and response arrangements are in place; representing the Minister's interests in State-owned energy entities; and influencing national energy agendas
- **Energy Pricing, Consumer and Retail** - responsible for developing and implementing policy that has a direct effect on end use consumers of energy; responsible for developing and implementing policy affecting energy retailers and consumers, including policies to improve retail market competition, strengthen consumer advocacy and safeguard the interests of energy users.

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 growth and better utilisation of infrastructure, 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 an 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

Water Supply 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 services. Water Supply also responds to emergencies and emerging issues to enable timely decision-making by the government.

Water Supply delivers five services:

- **Water Sector Planning** - responsible for:
 - providing advice on possible temporary full supply levels for the State's flood mitigation dams; managing and reporting on the department's response to the Queensland Floods Commission of Inquiry recommendations;
 - working with water service providers in relation to water supply security assessments for priority regions, to identify the likelihood of reaching supply limits based on demand projections; and
 - managing a suite of Non-Commercial Water Assets held by the State.

- Water Supply Regulation – responsible for regulating the quality of drinking water supplied by registered water service providers; the quality of recycled water supplied by certain recycled water providers and the economic sustainability of critical water-related infrastructure in Queensland
- Dam Safety Regulation – responsible for registering, assessing and monitoring the safety of referable dams’ management in Queensland
- Water Sector Reform (Legislation and Policy) – responsible for developing and implementing policy on 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 supplies
- flood risks and water supply risks balanced through optimisation of selected dams
- effective planning for Queensland’s future water supply needs, including a long-term vision and strategy for Queensland’s water sector
- liabilities minimised and cost-effective management of the State’s Non-Commercial Water Assets
- an efficient and effective water supply and dam safety regulatory framework, which protects public health, promotes safety and minimises risks
- effective and timely policy, legislative and institutional reform, which supports a strong and resilient water sector that in turn meets the needs of customers
- limiting cost pressures on rural and bulk water prices
- effective stakeholder engagement.

Red tape reduction

The department has made significant progress towards the regulatory reduction targets established by the Office of Best Practice Regulation (OBPR). While the department has until 2018 to achieve a regulatory reduction target of 23% (or the removal of around 3800 regulatory obligations), by the end of 2013-14, the department will have achieved a regulatory reduction of around 10% (or a removal of around 1700 obligations). The obligations to date have largely occurred due to the significant reforms to the water regulatory framework in South-East Queensland such as the cessation of water restrictions and the SEQ Market Rules. These reforms were designed to have flow on benefits to industry and consumers in the form of reduced increases in the bulk price of water and increased end user choice with respect to consumption.

In 2013-2014 the department also significantly reduced the regulatory burden for industry through:

- The introduction of the Water Supply Services Legislation Amendment Bill 2014 (in February 2014) designed to transform and streamline the current regulatory framework for Water Service Providers, including:
 - replacing the requirement for numerous management plans with annual performance reporting;
 - simplifying regulation for providers that supply recycled water for lower exposure uses;
 - improving operating arrangements and requirements for distributor-retailers in SEQ; and
 - enabling authorised persons appointed by a water service provider to install water meters (in addition to plumbers).

In 2014-15 the department will continue progress towards our regulatory reduction target (of 23% by 2018) and will aim to have an overall reduction of 15% by June 2015. This will be achieved by:

- implementing the reforms outlined in the *Water Supply Services legislation Amendment Act 2014*
- further rationalising of energy sector regulation which will involve amendments to the *Electricity Act 1994*
- moving towards National Uniform Energy legislation which reduces the regulatory burden on energy retailers in Queensland and improves consumer protections.

2014-15 Service Summary

Service area	Sources of Revenue				
	Total cost \$'000	State Contribution \$'000	User Charges and Fees \$'000	C'wealth Revenue \$'000	Other Revenue \$'000
Energy	24,218	19,746	..	..	4,472
Water Supply	26,511	26,511	..	..	..
TOTAL	50,729	46,257	..	..	4,472

Notes:

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

Performance Statement

Department of Energy and Water Supply	Notes	2013-14 Target/Est.	2013-14 Est. Actual	2014-15 Target/Est.
Service Area: Energy				
Service standards				
Initiatives of PowerQ, the 30- Year Electricity Strategy, as they relate to DEWS, are being delivered and implemented	1			90%
Level of compliance with energy regulatory and shareholder service requirements by energy retailers, distributors and generators.				
<ul style="list-style-type: none"> Compliance monitoring of electricity and gas licence holders including annual reporting and fees 		New measure		90%
<ul style="list-style-type: none"> Community Infrastructure Designation applications to be reviewed and processed in a robust manner for consideration and approval by the Minister within a four month period 				Decision by Minister within 4 months of application.
Level of Stakeholder satisfaction with engagement on key programs/initiatives (rated satisfied or very satisfied)	2	90%	80%	80%
State contribution (\$000)		42,423	22,224	19,746
Other revenue (\$000)		211	220	4,472
Total cost (\$000)	3	42,634	22,444	24,218

Department of Energy and Water Supply	Notes	2013-14 Target/Est.	2013-14 Est. Actual	2014-15 Target/Est.
Service Area: Water Supply				
Service Standards				
Initiatives of WaterQ, a 30-Year Water Strategy, as they relate to DEWS, are being delivered and implemented	2	90%		90%
Level of stakeholder satisfaction with engagement on key programs/initiatives (rated satisfied or very satisfied)	2	90%	80%	80%
Percentage of the State's drinking water services that have appropriate drinking water quality monitoring and response frameworks in place	2	100%		100%
State contribution (\$000)		59,563	36,409	26,511
Other revenue (\$000)		2,484	3,596	..
Total cost (\$000)	3	62,047	40,005	26,511

Notes:

1. This service standard is part of PowerQ, a 30 Year Electricity Strategy. It is anticipated that during 2014-15, 90% of this year's initiatives will be delivered and implemented.
2. The wording of this measure has been amended. The calculation methodology for the measure has not changed. The revision of this target is based on benchmarked data across the portfolio and baseline data gathered in 2012-13 Actual performance will be reported on in the department's annual report.
3. The service area name has changed from 'Water Supply and Sewerage' as reported in the SDS 2013-14 to 'Water Supply' for 2014-15.

Administered Items

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

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

Community Service Obligation Payments

The Government's uniform tariff policy ensures that all Queensland non-market electricity customers of a similar type pay the same price for electricity, regardless of where they live. As these prices do not reflect the full cost of electricity supply for most remote and regional Queenslanders, the Government provides funding to Ergon Energy Queensland Pty Ltd to cover the difference between the costs of supply allowed for in the regulated tariffs and the costs in the Ergon Energy area (largely due to differences in network costs).

Through an appropriation administered by the department, the Government provides Community Service Obligation (CSO) payments to Ergon Energy Queensland Pty Ltd, the electricity retailer responsible for supplying the majority of non-market customers in regional Queensland.

In addition, Origin Energy retails electricity to approximately 5,700 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 CSO, these customers would pay the full cost of supplying electricity. The Government provides a rebate to Origin Energy to ensure that these customers pay no more for electricity than other similar customers in Queensland.

It is estimated that electricity related CSO payments in 2014-15 will total \$689.7 million.

The department also provides CSO payments to SunWater and SEQwater estimated to be \$13.8 million in 2014-15. 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 \$3.6 million is expected to be invested in 2014-15 including \$1.5 million for upgrades on non-commercial water assets and \$2.1 million for the 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 of Energy and Water Supply	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Actual \$'000	2014-15 Budget \$'000
Capital Purchases¹				
Total land, buildings and infrastructure		9,567	873	1,500
Total plant and equipment	
Total other capital		2,286	264	2,086
Total Capital Purchases		11,853	1,137	3,586

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

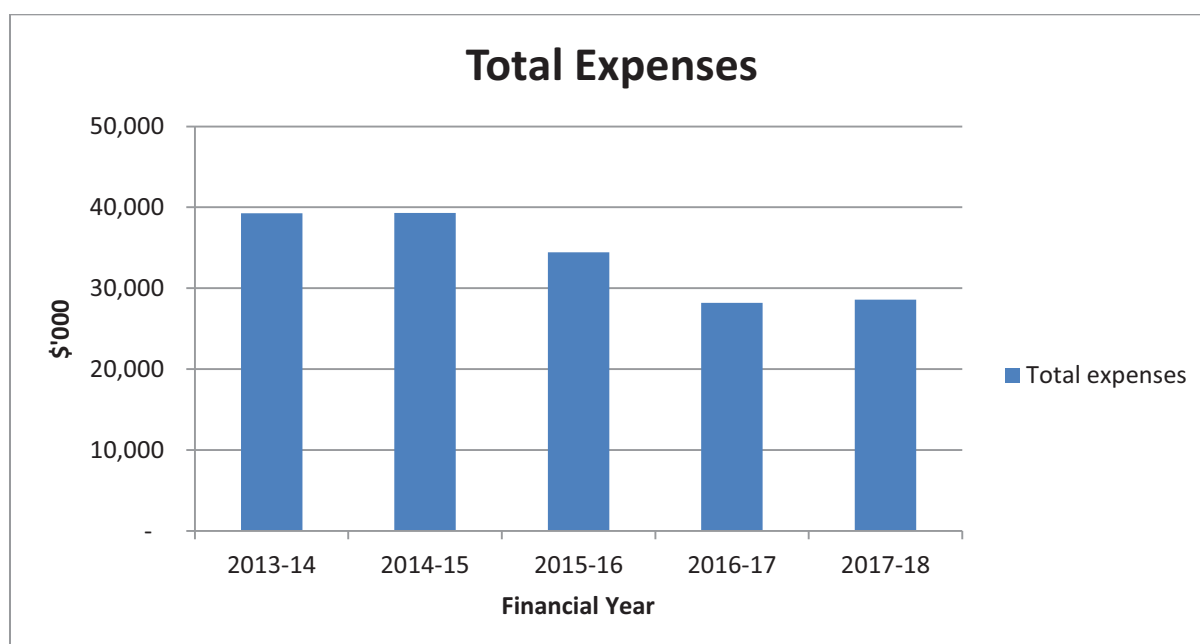
An analysis of the department's budgeted financial statements, as reflected in the department's financial statements, is provided below.

Departmental income statement

Total expenses are estimated to be \$50.7 million in 2014-15, a decrease of \$11.7 million from the 2013-14 Estimated actual. The decrease is mainly due to the lower than anticipated expenditure for the dam spillway program which has resulted primarily from delays in completion of a major project due to adverse weather conditions, delays in receipt of required materials for that project, as well as actual costs for a number of projects coming in at less than was originally budgeted. This has in turn resulted in deferral and lapsed funding being returned to the Consolidated Fund.

The department's budget for 2014-15 includes \$24.8 million for employee expenses and supplies and services of \$13.9 million. Total grant expenditure amounts to \$11.4 million and includes Dam Spillway Upgrade capital grants (\$6 million) and funding relating to the Australian Energy Market Commission.

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



Note: Direct comparison cannot be made between expenses in 2014-15 and outgoing years due to the need to finalise the department's future catalogue of services and budget these services needs accordingly.

Departmental balance sheet

The department's controlled entity balance sheet carries minor assets and liabilities with an expected net asset position of \$18.7 million at the end of 2014-15. The balance sheet is underpinned by receivables and payables which fluctuate as they fall due. The department's administered entity balance sheet includes non-commercial assets together with appropriation related receivables and payables which fluctuate as they fall due.

Major assets in the administered entity are the non-commercial assets totalling approximately \$160 million. These assets include small dams, weirs, flood levees and associated land across regional Queensland. A total of \$3.9 million has been allocated in 2014-15 for upgrades and maintenance in relation to the non-commercial assets.

CONTROLLED INCOME STATEMENT

Department of Energy and Water Supply	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
Income				
Appropriation revenue	1, 5, 10	102,206	58,570	46,257
Taxes		..	..	..
User charges and fees	2, 6	505	..	..
Royalties and land rents		..	..	..
Grants and other contributions		..	..	..
Interest		..	..	..
Other revenue	3, 7, 11	1,970	3,879	4,472
Gains on sale/revaluation of assets		..	..	..
Total income		104,681	62,449	50,729
Expenses				
Employee expenses	8, 12	27,342	25,947	24,836
Supplies and services:				
- Outsourced service delivery		..	..	..
- Other supplies and services	13	13,122	12,631	13,875
Grants and subsidies	4, 9, 14	63,525	23,174	11,441
Depreciation and amortisation		346	346	332
Finance/borrowing costs		..	..	..
Other expenses		346	351	245
Losses on sale/revaluation assets		..	..	..
Total expenses		104,681	62,449	50,729
OPERATING SURPLUS/(DEFICIT)		..	..	..

CONTROLLED STATEMENT OF CHANGES IN EQUITY

Department of Energy and Water Supply	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'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 (inc. MoG transfers)	
Total movement in equity for period	

CONTROLLED BALANCE SHEET

Department of Energy and Water Supply	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
CURRENT ASSETS				
Cash assets	15, 23	14,055	22,502	20,406
Receivables	16, 24, 27	1,482	1,969	2,789
Other financial assets		..	..	..
Inventories		..	..	..
Other	17, 25, 28	2,475	207	82
Non-financial assets held for sale		..	..	..
Total current assets		18,012	24,678	23,277
NON-CURRENT ASSETS				
Receivables	18, 26, 29	2,675	500	..
Other financial assets		..	..	..
Property, plant and equipment	19, 30	159	763	497
Intangibles	20, 31	2,347	280	2,300
Other		..	..	..
Total non-current assets		5,181	1,543	2,797
TOTAL ASSETS		23,193	26,221	26,074
CURRENT LIABILITIES				
Payables		6,649	6,563	6,474
Accrued employee benefits	21	435	944	886
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total current liabilities		7,084	7,507	7,360
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		7,084	7,507	7,360
NET ASSETS/(LIABILITIES)		16,109	18,714	18,714
EQUITY				
Capital/contributed equity	22	11,837	14,204	14,204
Accumulated surplus/(accumulated deficit)		4,272	4,510	4,510
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		16,109	18,714	18,714

CONTROLLED CASH FLOW STATEMENT

Department of Energy and Water Supply	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows				
Appropriation receipts	32, 39	102,206	46,455	46,257
User charges and fees	33, 45	505	1,036	425
Royalties and land rent receipts		..	..	..
Grants and other contributions		..	..	..
Interest received		..	..	..
Taxes		..	..	..
Other	34, 40	1,452	8,650	6,497
Outflows				
Employee costs	41	(27,440)	(26,395)	(25,831)
Supplies and services	35, 42, 46	(13,693)	(24,646)	(16,270)
Grants and subsidies	36, 43, 47	(63,975)	(29,231)	(11,441)
Borrowing costs		..	..	..
Other		(346)	(699)	(647)
Net cash provided by/(used in) operating activities		(1,291)	(24,830)	(1,010)
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows				
Sales of non-financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed	37, 44	111	1,000	1,000
Outflows				
Payments for non-financial assets	38, 48	(2,286)	(264)	(2,086)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		(2,175)	736	(1,086)
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		(3,466)	(24,094)	(2,096)
Cash at the beginning of financial year		17,521	46,596	22,502
Cash transfers from restructure		..	..	..
Cash at the end of financial year		14,055	22,502	20,406

ADMINISTERED INCOME STATEMENT

Department of Energy and Water Supply	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
Income				
Appropriation revenue	49, 54, 59	639,044	584,883	711,178
Taxes		..	..	..
User charges and fees	55	974	974	673
Royalties and land rents		..	..	..
Grants and other contributions	50	5,567	..	..
Interest		..	..	..
Other revenue		125	125	125
Gains on sale/revaluation of assets		..	..	..
Total income		645,710	585,982	711,976
Expenses				
Employee expenses		..	..	..
Supplies and services:				
- Outsourced service delivery		..	..	..
- Other supplies and services	51, 60	1,081	3,387	2,402
Grants and subsidies	52, 56, 61	638,088	576,221	703,501
Depreciation and amortisation	53, 57	..	5,400	5,400
Finance/borrowing costs		..	..	..
Other expenses		..	..	..
Losses on sale/revaluation assets		..	..	..
Transfers of Administered Revenue to Government	58	974	974	673
Total expenses		640,143	585,982	711,976
OPERATING SURPLUS/(DEFICIT)		5,567	..	..

ADMINISTERED BALANCE SHEET

Department of Energy and Water Supply	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
CURRENT ASSETS				
Cash assets	62, 69, 75	35,580	21,406	24,348
Receivables	63, 70, 76	6,379	13,647	15,595
Other financial assets		..	..	..
Inventories		..	..	..
Other		..	..	..
Non-financial assets held for sale		..	..	..
Total current assets		41,959	35,053	39,943
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	64, 71	30,410	164,512	160,612
Intangibles		..	..	..
Other		..	..	..
Total non-current assets		30,410	164,512	160,612
TOTAL ASSETS		72,369	199,565	200,555
CURRENT LIABILITIES				
Payables	65, 72	38,341	106,530	111,369
Transfers to Government Payable	66, 73	5,885	208	259
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total current liabilities		44,226	106,738	111,628
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		44,226	106,738	111,628
NET ASSETS/(LIABILITIES)		28,143	92,827	88,927
EQUITY				
Capital/contributed equity	67, 74	17,106	(61,421)	(65,321)
Accumulated surplus/(accumulated deficit)	68	10,973	(8,215)	(8,215)
Reserves:				
- Asset revaluation surplus		64	162,463	162,463
- Other (specify)		..	..	..
TOTAL EQUITY		28,143	92,827	88,927

ADMINISTERED CASH FLOW STATEMENT

Department of Energy and Water Supply	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows				
Appropriation receipts	77, 87, 97	639,044	575,077	711,178
User charges and fees	88, 98	974	974	673
Royalties and land rent receipts		..	..	..
Grants and other contributions	78, 89, 99	5,567	4,384	..
Interest received		..		..
Taxes		..	..	..
Other	79, 90, 100	125	55,980	65,797
Outflows				
Employee costs		..	..	..
Supplies and services	80, 91, 102	(1,081)	(3,387)	(2,402)
Grants and subsidies	81, 92, 102	(638,088)	(598,075)	(702,043)
Borrowing costs		..	..	..
Other	82, 93, 103	..	(54,703)	(64,239)
Transfers to Government	83, 104	(974)	(6,651)	(622)
Net cash provided by/(used in) operating activities		5,567	(26,401)	8,342
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows				
Sales of non-financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows				
Payments for non-financial assets	84, 94, 105	(9,567)	(873)	(1,500)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		(9,567)	(873)	(1,500)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows				
Borrowings		..	..	..
Equity injections	85, 95, 106	4,000	873	1,500
Outflows				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	86, 96, 107	..	(75,400)	(5,400)
Net cash provided by/(used in) financing activities		4,000	(74,527)	(3,900)
Net increase/(decrease) in cash held		..	(101,801)	2,942
Cash at the beginning of financial year		35,580	123,207	21,406
Cash transfers from restructure		..	..	..
Cash at the end of financial year		35,580	21,406	24,348

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

From 1 July 2014 departments (excluding commercialised business units) will no longer be liable for payroll tax. To provide comparable costs forecasts across all periods, the 2013-14 Adjusted budget and the 2013-14 Estimated actual have been recast to reflect the removal of payroll tax from Employee expenses and an associated reduction has been made to Appropriation revenue. The 2013-14 Adjusted budget Appropriation revenue and Employee expenses have been reduced by \$1.3 million. The 2013-14 Estimated actual Appropriation revenue and Employee expenses have been reduced by \$1.2 million.

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

1. Decrease mainly due to lower than anticipated revenue and deferral of funds associated with the Dam Spillway Upgrade Program.
2. Decrease due to correction in classification of revenue now included in Other Revenue.
3. Increase mainly reflects funding received for the review of Local Management Arrangements for SunWater's channel irrigation systems.
4. Decrease mainly due to lower than anticipated expenditure and deferral of funds associated with the Dam Spillway Upgrade Program.

Major variations between 2013-14 Adjusted budget and 2014-15 Budget include:

5. Decrease mainly due to the return and deferral of funds from 2013-14 associated with the Dam Spillway Upgrade Program.
6. Decrease due to correction in classification of revenue now included in Other Revenue.
7. Increase primarily relates to funding contribution for the Australian Energy Market Commission (AEMC).
8. Decrease primarily due to administrative savings being released from vacancy management, natural attrition and changes to Planning Performance and Governance which reduce duplication with the Business Corporate Partnership.
9. Decrease primarily relates to the Dam Spillway Upgrade program due to adverse weather conditions, delays in receipt of materials, as well as costs for projects coming in at less than originally budgeted.

Major variations between 2013-14 Estimated actual and the 2014-15 Budget include:

10. Decrease mainly due to lower expenditure associated with the Dam Spillway Upgrade Program.
11. Increase primarily relates funding contribution for the Australian Energy Market Commission (AEMC).
12. Decrease primarily due to the anticipated outcomes of renewal as well as further administrative savings as a result of the completion of a regulatory work program and some simplification of water supply regulatory arrangements.
13. Increase mainly due to expenditure associated with Electricity Reform Implementation Program.
14. Decrease mainly due to lower expenditure associated with the Dam Spillway Upgrade Program.

Balance sheet

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

15. Increase primarily due to a higher opening balance from 2012-13.
16. Increase reflects higher than anticipated opening balance from 2012-13 combined with higher GST input tax credits received from the Australian Taxation Office (ATO).
17. Decrease due to lower than anticipated prepayments at the end of 2013-14.
18. The decrease primarily due to lower than anticipated loan repayments.
19. Increase primarily due to higher than anticipated expenditure in relation to leasehold improvements.
20. Decrease reflects deferral of expenditure on Water Industry Asset Management system to 2014-15.
21. Increase primarily due to higher than anticipated payments for the Annual Leave Central Scheme (ALCS).
22. Increase relates to net assets transferred due to finalisation of Machinery of Government changes.

Major variations between 2013-14 Adjusted budget and 2014-15 Budget include:

23. Increase primarily due to higher opening balance from 2012-13.
24. Increase mainly due to an increase in GST input tax credits received from the Australian Taxation Office.
25. Decrease due to lower prepayments at the end of 2014-15.
26. The decrease is due to full repayment of loan in 2014-15.

Major variations between 2013-14 Estimated actual and the 2014-15 Budget include:

27. Increase mainly due to an increase in GST input tax credits from the Australian Taxation Office.
28. Decrease due to lower prepayments at the end of 2014-15.
29. The decrease is due to full repayment of loan in 2014-15.
30. The reduction in property, plant and equipment in 2014-15 reflects the impact of depreciation for the period on the department's existing asset values.
31. Increase due to expected investment in the Water Industry Asset Management system.

Cash flow statement

From 1 July 2014 departments (excluding commercialised business units) will no longer be liable for payroll tax. To provide comparable costs forecasts across all periods, the 2013-14 Adjusted budget and the 2013-14 Estimated actual have been recast to reflect the removal of payroll tax from Employee expenses and an associated reduction has been made to Appropriation revenue. The 2013-14 Adjusted budget Appropriation revenue and Employee expenses have been reduced by \$1.3 million. The 2013-14 Estimated actual Appropriation revenue and Employee expenses have been reduced by \$1.2 million.

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

32. Decrease mainly due to lower than anticipated revenue and deferral of funds associated with the Dam Spillway Upgrade Program.
33. Increase mainly due to higher than anticipated GST collections to be remitted to the Australian Taxation Office.
34. Increase mainly reflects funding received for the review of Local Management Arrangements for SunWater's channel irrigation systems and combined with higher than anticipated GST input tax credits received from the Australian Taxation Office.
35. Increase primarily due to timing differences for payments relating to 2012-13 and GST paid to suppliers during 2013-14.
36. Decrease mainly due to lower than anticipated expenditure and deferral of funds associated with the Dam Spillway Upgrade Program.
37. The increase represents higher than anticipated repayments relating to the Queensland Geothermal Centre of Excellence Loan.
38. Decrease reflects deferral of expenditure on Water Industry Asset Management system to 2014-15.

Major variations between 2013-14 Adjusted budget and 2014-15 Budget include:

39. Decrease mainly due to lower expenditure associated with the Dam Spillway Upgrade Program.
40. Increase primarily relates to the funding contribution for the Australian Energy Market Commission (AEMC).
41. Decrease primarily due to reform initiatives being undertaken in a number of functions and services.
42. Increase primarily relates to GST paid to suppliers during 2014-15.
43. Decrease mainly due to lower expenditure associated with the Dam Spillway Upgrade Program.
44. The increase represents anticipated repayments relating to the Queensland Geothermal Centre of Excellence Loan.

Major variations between 2013-14 Estimated actual and the 2014-15 Budget include:

45. Reflects lower GST collections to be remitted to the Australian Taxation Office.
46. Decrease due to timing differences for payments relating to 2013-14.
47. Decrease mainly due to lower expenditure associated with the Dam Spillway Upgrade Program.
48. Increase due to expected investment in the Water Industry Asset Management system.

Administered income statement

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

49. Decrease mainly due to lower than anticipated expenditure for energy due to a combination of higher tariff receipts and lower network charges, resulting in a reduced shortfall by Ergon.
50. Decrease due to expenditure brought forward in June 2013 in relation to the Dam Spillway upgrades program.
51. Increase due to higher than anticipated expenditure associated with the maintenance of non-commercial assets.

52. Decrease mainly due to lower than anticipated expenditure for energy related CSO payments due to a combination of higher tariff receipts and lower network charges, resulting in a reduced shortfall by Ergon.
53. Increase reflects depreciation following a valuation exercise undertaken at the end of 2012-13 in relation to the non-commercial assets.

Major variations between 2013-14 Adjusted budget and 2014-15 Budget include:

54. Increase primarily due to the electricity CSO required to offset higher network charges.
55. Decrease due to lower fees collected as a result of closure of the energy related Queensland Gas Scheme.
56. Increase primarily due to higher expenditure associated with energy related CSO payments due to higher network charges.
57. Increase reflects depreciation following a valuation exercise undertaken at the end of 2012-13 in relation to the non-commercial assets.
58. Decrease due to lower fees collected as a result of closure of the energy related Queensland Gas Scheme.

Major variations between 2013-14 Estimated actual and the 2014-15 Budget include:

59. Increase primarily due to higher expenditure associated with energy related CSO payments due to anticipated higher network charges which will not be offset by tariff receipts to the extent experienced in 2013-14.
60. Reflects lower expenditure associated with the maintenance of non-commercial assets.
61. Increase primarily due to higher expenditure associated with energy related CSO payments due to anticipated higher network charges which will not be offset by tariff receipts to the extent experienced in 2013-14.

Administered balance sheet

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

62. Decrease reflects return of appropriation funds following finalisation of Machinery of Government changes offset by higher than expected opening balance from 2012-13.
63. Increase primarily due to higher than anticipated input tax credits received from the Australian Taxation Office (ATO).
64. Increase reflects higher valuation of the non-commercial assets as at the end of 2013-14.
65. Increase due to higher than anticipated payables as at the end of 2013-14 for energy CSO payments.
66. Lower balance reflects payment made to Government in relation to finalisation of Machinery of Government changes.
67. Decrease primarily relates to return of appropriation funds through equity withdrawal.
68. Decrease primarily due to lower than anticipated opening balance from 2012-13.

Major variations between 2013-14 Adjusted budget and 2014-15 Budget include:

69. Decrease in line with transactions associated with the administered entity and return of appropriation funds in 2013-14.
70. Increase primarily due to higher input tax credits received from the Australian Taxation Office (ATO).
71. Increase reflects higher valuation of the non-commercial assets as at the end of 2013-14.
72. Increase due to higher payables as at the end of 2014-15 for energy CSO payments.
73. Lower balance reflects payment made to Government in 2013-14 towards finalisation of Machinery of Government changes.
74. Decrease reflects return of appropriation funds through equity withdrawal.

Major variations between 2013-14 Estimated actual and the 2014-15 Budget include:

75. Increase primarily due to higher payables at the end of 2014-15.
76. Increase primarily due to higher input tax credits received from the Australian Taxation Office (ATO).

Administered cash flow statement

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

77. Decrease mainly due to lower than anticipated expenditure for energy due to a combination of higher tariff receipts and lower network charges, resulting in a reduced shortfall by Ergon.
78. Decrease mainly relates to lower than anticipated receivables in relation to the funding for the non-commercial assets.

79. Increase primarily due to GST input tax credits received from the Australian Taxation Office (ATO) in relation to energy CSO payments not included in the 2013-14 Adjusted budget.
80. Increase due to higher than anticipated expenditure associated with the maintenance of non-commercial assets.
81. Decrease mainly due to lower than anticipated expenditure for energy related CSO payments due to a combination of higher tariff receipts and lower network charges, resulting in a reduced shortfall by Ergon.
82. Increase primarily due to GST in relation to energy CSO payments not included in the 2013-14 Adjusted budget.
83. Reflects payment made to Government in relation to finalisation of Machinery of Government changes in relation to 2012-13.
84. Decrease due to timing of expenditure brought forward in 2012-13.
85. Decrease due to equity to output swap in relation to maintenance of the non-commercial assets.
86. Increase primarily due to return of funds following finalisation of Machinery of Government changes.

Major variations between 2013-14 Adjusted budget and 2014-15 Budget include:

87. Increase primarily due to electricity CSO required to offset higher network charges.
88. Decrease due to lower fees collected as a result of closure of the energy related Queensland Gas Scheme.
89. Decrease due to timing difference differences for contributions in relation to the non-commercial assets.
90. Increase primarily due to GST input tax credits in relation to energy CSO payments not included in the 2013-14 Adjusted budget.
91. Increase due to higher expenditure associated with the maintenance of non-commercial assets.
92. Increase primarily due to higher expenditure associated with energy related CSO payments due to higher network charges.
93. Increase primarily due to GST in relation to energy CSO payments not included in the 2013-14 Adjusted budget.
94. Decrease reflects anticipated expenditure in relation to non-commercial assets.
95. Decrease reflects program funding in relation to non-commercial assets.
96. Reflects depreciation funding offset in relation to the non-commercial assets.

Major variations between 2013-14 Estimated actual and the 2014-15 Budget include:

97. Increase primarily due to higher expenditure associated with electricity related CSO payments due to anticipated higher network charges which will not be offset by tariff receipts to the extent experienced in 2013-14.
98. Decrease due to lower fees collected as a result of closure of the energy related Queensland Gas Scheme.
99. Decrease due to timing differences for contributions in relation to non-commercial assets.
100. Increase primarily due to higher GST input tax credits to be received from the ATO in relation increase in energy related CSO payments.
101. Decrease reflects lower expenditure associated with the maintenance of non-commercial assets.
102. Increase primarily due to higher expenditure associated with energy related CSO payments due to anticipated higher network charges which will not be offset by tariff receipts to the extent experienced in 2013-14.
103. Increase primarily due to higher GST payments in relation to energy CSO payments in 2014-15.
104. Decrease due to payment made in 2013-14 to Government in relation to finalisation of Machinery of Government changes from 2012-13.
105. Increase reflects anticipated expenditure in relation to non-commercial assets.
106. Decrease reflects anticipated expenditure in relation to non-commercial assets.
107. Decrease reflects return of funds in 2013-14 following finalisation of Machinery of Government changes.

STATUTORY BODY

ENERGY AND WATER OMBUDSMAN QUEENSLAND

AGENCY OVERVIEW

Strategic direction

The Energy and Water Ombudsman Queensland (EWOQ) was established on 1 July 2007, as 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.

EWOQ contributes to the State Government's objective for the community 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 excellence
- 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
- significant changes in the regulatory environment
- attraction and retention of qualified staff.

RESOURCES AND PERFORMANCE

At the commencement of the 2013-14 financial year, EWOQ had a staff establishment of 41 full time equivalent positions. Since 1 July 2013 has:

- as at 31 March 2014, dealt with over 11,258 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.

In 2014-15, 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 SEQ's 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 peoples, Torres Strait Islanders, multicultural groups and the aged.

STATEMENTS

Staffing¹

Energy and Water Ombudsman	Notes	2013-14 Adjusted Budget	2013-14 Est. Actual	2014-15 Budget
	1	41	41	41

Notes:

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

Performance Statement

Energy and Water Ombudsman Queensland	Notes	2013-14 Target/Est.	2013-14 Est. Actual	2014-15 Target/Est.
Service standards				
Percentage of customers who rate the performance of the Energy and Water Ombudsman Queensland as satisfactory or better	1	80%		80%
Percentage of complaints received which are resolved in:				
• less than 28 days		80%		80%
• less than 60 days		90%		90%
• less than 90 days		95%		95%
• over 90 days		Less than 95%		Less than 95 %

Notes:

1. EWOQ conducts a Customer Satisfaction Survey on a biennial basis. However, the Customer Satisfaction Survey for 2013-14 was brought forward as part of the independent review of EWOQ and conducted during 2012-13 with the results being 82% of customers who rated the performance of EWOQ as satisfactory or better.

INCOME STATEMENT

Energy and Water Ombudsman Queensland	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
Income				
User charges and fees		6,420	6,252	6,600
Grants and other contributions		..	..	..
Interest		..	..	..
Other revenue		..	24	..
Gains on sale/revaluation of assets		..	..	..
Total income		6,420	6,276	6,600
Expenses				
Employee expenses	1, 4	4,597	4,284	4,595
Supplies and services:				
- Outsourced service delivery		..	..	..
- Other supplies and services	2, 3	1,783	1,940	1,939
Grants and subsidies		..	..	..
Depreciation and amortisation		3	3	3
Finance/borrowing costs		..	..	..
Other expenses		37	49	63
Losses on sale/revaluation of assets		..	..	..
Total expenses		6,420	6,276	6,600
OPERATING SURPLUS/(DEFICIT)		..	..	..

STATEMENT OF CHANGES IN EQUITY

Energy and Water Ombudsman Queensland	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'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 (inc. MoG transfers)	
Total movement in equity for period	

BALANCE SHEET

Energy and Water Ombudsman	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
CURRENT ASSETS				
Cash assets	5, 8, 10	678	1,334	1,178
Receivables		25	25	25
Other financial assets		..	..	..
Inventories		..	..	..
Other		39	40	40
Non-financial assets held for sale		..	..	..
Total current assets		742	1,399	1,243
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		5	3	3
Intangibles		..	..	..
Other		..	..	..
Total non-current assets		5	3	3
TOTAL ASSETS		747	1,402	1,246
CURRENT LIABILITIES				
Payables	6, 11	180	447	286
Accrued employee benefits		267	252	252
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other	7, 9	..	400	400
Total current liabilities		447	1,099	938
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		82	80	80
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		82	80	80
TOTAL LIABILITIES		529	1,179	1,018
NET ASSETS/(LIABILITIES)		218	223	228
EQUITY				
Capital/contributed equity		79	79	79
Accumulated surplus/(accumulated deficit)		139	144	149
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		218	223	228

CASH FLOW STATEMENT

Energy and Water Ombudsman Queensland	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows				
User charges and fees	12, 15, 16	6,420	6,013	6,200
Grants and other contributions		..	..	..
Interest received			42	
Taxes		..	..	..
Other		..	..	..
Outflows				
Employee costs	13, 17	4,597	4,284	4,489
Supplies and services	14, 18	1,754	1,993	1,825
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other		52	36	42
Net cash provided by/(used in) operating activities		17	(258)	(156)
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/(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		17	(258)	(156)
Cash at the beginning of financial year		661	1592	1,334
Cash transfers from restructure		..	..	..
Cash at the end of financial year		678	1,334	1,178

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

1. The variation is due to the enterprise bargaining related salary increases not being finalised until December 2013, combined with a reallocation to projects.
2. Reallocation of funds from employee expenses to fund additional one-off projects.

Major variations between 2013-14 Adjusted budget and 2014-15 Budget include:

3. Combination of one off IT expenditure, increased marketing and communication activity associated with outreach initiative and a biennial customer satisfaction survey.

Major variations between 2013-14 Estimated actual and the 2014-15 Budget include:

4. The variation is due to a combination of filling all budgeted positions and full year effect of enterprise bargaining related salary increases.

Balance sheet

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

5. Variation relates to a combination of 2014-15 revenue anticipated to be received before 30 June 2014 and 2013-14 refunds still to be paid.
6. Variation relates to movements in creditors.
7. 2014-15 revenue anticipated to be received prior to 30 June 2014.

Major variations between 2013-14 Adjusted budget and 2014-15 Budget include:

8. Increase in 2014-15 revenue anticipated to be received before 30 June 2014.
9. 2014-15 revenue anticipated to be received prior to 30 June 2014.

Major variations between 2013-14 Estimated actual and the 2014-15 Budget include:

10. Increase in 2014-15 revenue anticipated to be received before 30 June 2014.
11. Variation relates to movements in creditors.

Cash flow statement

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

12. Variation relates to 2013-14 revenue received prior to 30 June 2013.
13. The variation is due to a combination of delays in approval of the enterprise bargaining related salary increases and delays in filling vacancies.
14. Additional one-off projects undertaken utilising savings from employee expenses.

Major variations between 2013-14 Adjusted budget and 2014-15 Budget include:

15. Variation relates to 2014-15 revenue anticipated to be received before 30 June 2014.

Major variations between 2013-14 Estimated actual and the 2014-15 budget include:

16. Increase in user charges relates to an increase in operating expenditure including the full year effect of the enterprise bargaining related salary increases.
17. Full year effect of the enterprise bargaining related salary increases combined with operating with all established positions filled.
18. Decrease due to 2013-14 one-off projects not funded in 2014-15.

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.

