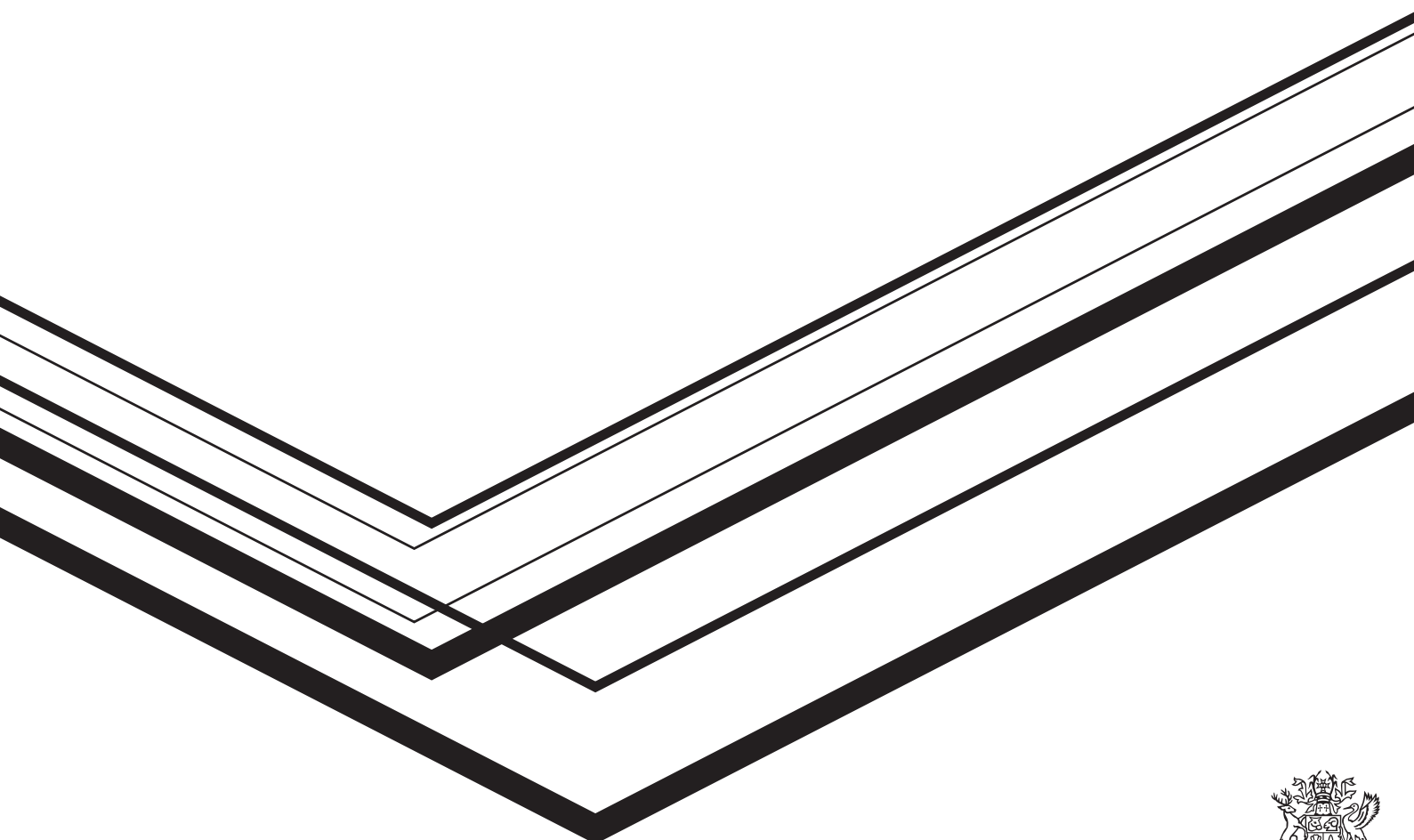


Service Delivery Statements

Department of Energy and Water Supply



2015-16 Queensland Budget Papers

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

Appropriation Bills

Jobs Now, Jobs for the Future - Queensland Government employment plan

Budget Highlights

The suite of Budget Papers is similar to that published in 2014-15.

The Budget Papers are available online at www.budget.qld.gov.au

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Service Delivery Statements

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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 Energy and Water Supply:

Minister for Main Roads, Road Safety and Ports and Minister for Energy and Water Supply The Honourable Mark Bailey MP

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

Additional information can be sourced from: <http://www.dews.qld.gov.au>

Departmental overview

The department's vision is a prosperous Queensland through resilient and affordable energy and water supply sectors. The department's purpose is to develop and deliver a customer-focused environment for the energy and water sectors in partnership with stakeholders.

The department supports the Queensland Government's objectives for the community by committing to establish and maintain a policy and regulatory environment for the energy and water sectors, and ensuring integrity, accountability and consultation underpin everything we do. In particular we contribute to:

- creating jobs and a diverse economy
- protecting the environment through delivering on the Government's commitments of A Solar Future and Saving the Great Barrier Reef
- supporting job-generating initiatives in the renewable energy industries to combat climate change
- leading the development of Queensland's biofuels and bio-manufacturing industries
- building safe, caring and connected communities through delivering on the Government's commitment to continue to provide funding towards the Queensland Water Regional Alliances Program for the next three years. We will also:
 - work with water service providers to ensure that drinking water is safe for use
 - work with dam owners to ensure the safety of their dams, and the safety of the people who live downstream
 - review changes to the provision of electricity in remote areas to provide communities with a direct say in localised solutions.

The department's objectives for 2015-16 are:

- customer focused outcomes - committed to engaging with and learning about customers to provide better services to support improved outcomes
- support economic and jobs growth - committed to establishing and maintaining a policy and regulatory environment that promotes economic and jobs growth, whilst protecting the environment
- innovative solutions - committed to empowering our people and partners to develop innovative solutions that produce better outcomes for customers and industry, the economy, and the environment
- partner effectively - committed to working with our partners to ensure the best possible outcomes for customers
- be the best - committed to building the capacity of our workforce to ensure we can be the best at performing our role, now and in the future.

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

- implementing the right policy solutions for Queensland customers
- progressing the government agenda to produce the best outcomes for our partners and customers
- engaging effectively, and early with our partners and customers
- facilitating cost effective solutions that satisfy community expectations for safe and reliable energy and water infrastructure; embracing innovation and responding to change; and enhancing internal collaboration to create efficiencies
- using data effectively to understand customer needs and deliver better outcomes
- appropriately managing the impact of external forces on the department's owned or managed infrastructure
- taking a balanced approach in our responses to climate impacts
- matching internal capability and capacity with workforce requirements.

During 2015-16, the department will continue to focus on:

- leading the development of biofuels and the expansion of Queensland's biofuels and bio-manufacturing industries
- developing the Queensland government's energy strategy and implementing key water related government commitments
- providing three years' funding to the Local Government Association of Queensland for the Queensland Water Regional Alliances Program
- establishing and maintaining a policy and regulatory environment that protects vulnerable customers and continuing an effective working relationship with the Energy and Water Ombudsman Queensland.

Service performance

Service approach

The Department of Energy and Water Supply (DEWS) is responsible for overseeing Queensland's energy and water industries to ensure these essential services are provided to Queensland consumers in a safe, efficient and reliable way. Our services are delivered through two main service areas: 'Energy' and 'Water Supply'.

The department's approach to defining its service areas clearly and logically demonstrates alignment of our objectives and priorities.

Performance statement

Energy

Service area objective

To develop policy, reform and regulate the Queensland energy sector to ensure cost effective, secure and reliable energy supply.

Service area description

The functions of the Energy service area are to:

- develop the Queensland Government's energy strategy; deliver initiatives to reduce price pressures on Queensland businesses, farmers and households and develop and implement policy for renewable and alternative energy
- develop and implement policy that has a long term positive effect on end use consumers of energy, including policies to assist consumers to conserve energy, strengthen consumer advocacy and safeguard the interests of vulnerable consumers
- develop and implement policy that directly affects the supply of electricity and gas; ensure effective emergency planning and response arrangements are in place; represent the Minister's interests in State-owned energy entities; compliance monitoring of electricity and gas licence holders including annual reporting and fees and influence national energy agendas.

Services

- Energy Strategy
- Energy Regulation

2015-16 service area highlights

In 2015-16 the service area will:

- seek to improve the State's regulatory environment and improve on its performance in engaging with the community and regulating compliance with Queensland's energy legislation
- plan and begin to implement key government commitments relating to energy, including:
 - continue to subsidise regional power prices and maintain the Uniform Tariff Policy to keep regional power prices in line with metropolitan prices
 - keep the headquarters of a merged energy Government Owned Corporation in Townsville and support the delivery of the Government's commitment to merge the energy government-owned corporations
 - provide a stable and welcoming regulatory environment to encourage private sector investment in renewable energy

- maintain support for the Clean Energy Finance Corporation and advise government on the Australian Government's Renewable Energy Target
- support the instigation of a review into a fair price for solar through the independent Queensland Productivity Commission
- support the commencement of a renewable energy study to investigate policy measures to support the creation of an export-oriented renewable energy economy. The study will include establishing an independent inquiry into the adoption of a target of 50 per cent renewable energy by 2030
- develop options and advise government on a trial 40 megawatt renewable energy auction to support private investment and jobs in the renewable energy industry
- support a review to investigate whether the provision of electricity in remote areas can be opened up to competition from local governments, which would provide communities with a direct say on localised solutions, including the facilitation of off-the-grid technologies. This review will include consideration of a legislative mechanism for local governments to take control of their power generation and distribution needs
- plan and begin implementing measures to support the aspirational target set by the government for a million Queensland rooftops to have solar panels by 2020
- provide advice on a better functioning and more dynamic domestic gas market
- lead the development of biofuels and the expansion of Queensland's biofuels and bio-manufacturing industries.

Department of Energy and Water Supply	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
Service area: Energy				
Service: Energy Strategy				
Service standards <i>Effectiveness measure</i> Initiatives of PowerQ, the 30 Year Electricity Strategy, as they relate to DEWS, are being delivered and implemented	1	90%	90%	90%
Level of stakeholder satisfaction with engagement on key programs/initiatives (rated satisfied or very satisfied)	2	80%	80%	80%
<i>Efficiency measure</i>	3			
Service: Energy regulation				
Service standards <i>Effectiveness measure</i> Level of compliance with energy regulatory and shareholder service requirements by energy retailers, distributors and generators: – Compliance monitoring of electricity and gas licence holders including annual reporting and fees – Complete Community Infrastructure Designation applications processed within four months to the relevant Minister withstand scrutiny under judicial review	4	New measure	New measure	90%
<i>Efficiency measure</i>	3			

Notes:

1. The long term Electricity Strategy, PowerQ is under review for consistency with the policies of the Queensland Government.
2. This was a survey of both Water Supply and Energy stakeholders. The survey measures overall satisfaction, preferred engagement approaches and the department's responsiveness.
3. An efficiency measure is being developed for this Service and will be included in a future Service Delivery Statement.
4. This is a new measure and better reflects processes within the department's control and relates to the delivery of reports on Community Infrastructure Designation applications and annual reports by electricity and gas licence holders. 90% of the department's reports are to be provided to the Minister within four months of the receipt of all information requirements that withstand scrutiny under judicial review as described in the *Judicial Review Act 1991*.

Water Supply

Service area objective

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

Service area description

The functions of the service area are to:

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

Services

- Water Supply Strategy
- Water Supply Regulation

2015-16 service area highlights

In 2015-16 the service area will:

- commence upgrade works for two of the department's non-commercial assets
- commence five, and complete seven, Regional Water Supply Security Assessments
- prepare a preliminary cost/benefit assessment, for consideration by Building Queensland, of the proposed Nullinga Dam, having regard to the Australian Government's Northern Australia policy commitment regarding Nullinga Dam
- undertake actions relevant to the department arising from the Queensland Government's consideration of the report of the independent review into the operation of Callide Dam during the flood arising from ex Tropical Cyclone Marcia.

Department of Energy and Water Supply	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
Service area: Water Supply				
Service: Water Supply Strategy				
Service standards <i>Effectiveness measure</i> Initiatives of WaterQ, a 30-Year Water Strategy, as they relate to DEWS, are being delivered and implemented	1	90%	90%	90%

Department of Energy and Water Supply	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
Level of stakeholder satisfaction with engagement on key programs/initiatives (rated satisfied or very satisfied)	2	80%	80%	80%
<i>Efficiency measure</i>	3			
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 measure</i>	3			

Notes:

1. The long term Water Strategy, WaterQ is under review for consistency with the policies of the Queensland Government.
2. This was a survey of both Water Supply and Energy stakeholders. The survey measures overall satisfaction, preferred engagement approaches and the department's responsiveness.
3. An efficiency measure is being developed for this Service and will be included in a future Service Delivery Statement.
4. Over 90 per cent of Water Service Providers have drinking water quality management plans (DWQMP) in place. Any new service providers registered may not have a DWQMP in place straight away - as the legislation gives 12 months to do so, however they do receive a Monitoring and Reporting Notice in the interim. Ultimately, though, it is up to service providers to ensure they have an approved DWQMP, with DEWS taking compliance action if they do not.

Administered items

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

DEWS 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 these customers, via Origin Energy, to ensure that they pay no more for electricity than other similar customers in Queensland.
- It is estimated that electricity related CSO payments in 2015-16 will total \$438.2 million.
- The department also provides CSO payments to SunWater and Seqwater estimated to be \$12.2 million in 2015-16. 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

- DEWS is responsible for 22 non-commercial assets including water supply dams and weirs. These structures provide a range of services and public values including recreation and water supply for mining, irrigation and construction. DEWS also currently maintains a series of agricultural levee banks along the Mary River. The operational function includes a total capital spend of \$2.053 million and recurrent spending of \$3.62 million as well as \$500,000 for current grants.
- Financial statements and variance explanations in relation to administered items appear in the departmental financial statements.

Discontinued measures

Performance measures included in the 2014-15 Service Delivery Statements that have been discontinued or replaced are reported in the following table with estimated actual results. For those measures which are being discontinued from the Service Delivery Statement because they do not demonstrate the effectiveness or efficiency of services, please refer to the Notes below for further information about where these measures will continue to be reported.

Department of Energy and Water Supply	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
Service area: Energy				
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	1	Decision by Minister within 4 months of application	Decision by Minister within 4 months of application	Discontinued measure

Note:

1. The description, target and methodology for this measure has changed from 2014-15 and the new measure better reflects processes within the department's control. The new measure is: Complete Community Infrastructure Designation applications processed within four months to the relevant Minister withstand scrutiny under judicial review.

Departmental budget summary

The table below shows the total resources available in 2015-16 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	2014-15 Budget \$'000	2014-15 Est. Actual \$'000	2015-16 Budget \$'000
CONTROLLED			
Income			
Appropriation revenue			
Deferred from previous year/s	11,740	6,049	7,793
Balance of service appropriation	34,517	35,217	37,721
Other revenue	4,472	4,763	4,573
Total income	50,729	46,029	50,087
Expenses			
Energy	24,218	21,827	26,038
Water Supply	26,511	24,202	24,049
Total expenses	50,729	46,029	50,087
Operating surplus/deficit	..	..	..
Net assets	18,714	14,280	14,280
ADMINISTERED			
Revenue			
Commonwealth revenue	..	..	..
Appropriation revenue	711,178	654,226	465,849
Other administered revenue	798	733	260
Total revenue	711,976	654,959	466,109
Expenses			
Transfers to government	673	733	260
Administered expenses	711,303	654,226	465,849
Total expenses	711,976	654,959	466,109
Net assets	88,927	226,950	220,297

Service area sources of revenue

Sources of revenue 2015-16 Budget ¹					
Service area	Total cost \$'000	State contribution \$'000	User charges and fees \$'000	C'wealth revenue \$'000	Other revenue \$'000
Energy	26,038	21,590	..	..	4,448
Water Supply	24,049	23,924	..	..	125
Total	50,087	45,514	..	..	4,573

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 2014-15 State Budget. Further details are contained in Budget Paper 4.

Department of Energy and Water Supply	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Revenue measures					
Up to and including 2014-15 MYR					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
2015-16 Budget					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
Total revenue measures					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
Expense measures					
Up to and including 2014-15 MYR					
Administered	150	5,500	..	..	..
Departmental	3,958	1,732	..	..	..
2015-16 Budget					
Administered	..	2,500	..	..	
Departmental	..	500	500	500	..
Total expense measures					
Administered	150	8,000	..	..	..
Departmental	3,958	2,232	500	500	..
Capital measures					
Up to and including 2014-15 MYR					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
2015-16 Budget					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
Total capital measures					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..

Departmental capital program

A total of \$2.1 million is expected to be invested in 2015-16 primarily for upgrades on non-commercial water assets and \$100,000 for general office plant and equipment.

Capital budget

Department of Energy and Water Supply	Notes	2014-15 Budget \$'000	2014-15 Est. Actual \$'000	2015-16 Budget \$'000
Capital purchases¹				
Total land, buildings and infrastructure	2	1,500	80	2,053
Total plant and equipment		..	64	64
Total other capital	3	2,086	..	..
Total capital purchases		3,586	144	2,117

Notes:

1. For more detail on the agency's capital acquisitions please refer to Budget Paper 3.
2. 2014-15 expenditure is lower than anticipated primarily due to deferral of expenditure relating to upgrades on the non-commercial assets.
3. 2014-15 Budget relates to work associated with the Water Industry Asset Management system, which will now be undertaken as an operational expenditure.

Staffing¹

Service areas ^{2,3}	Notes	2014-15 Budget	2014-15 Est. Actual	2015-16 Budget
Energy		100	98	96
Water Supply	4	125	109	121
TOTAL		225	207	217

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Corporate FTEs are allocated across the service to which they relate.
3. The department also participates in a partnership arrangement, whereby it receives corporate services from the Department of Environment and Heritage Protection, Department of Agriculture and Fisheries and Department of Natural Resources and Mines.
4. 2014-15 Estimated Actual is lower than anticipated primarily due to vacant positions.

Budgeted financial statements

Analysis of budgeted financial statements

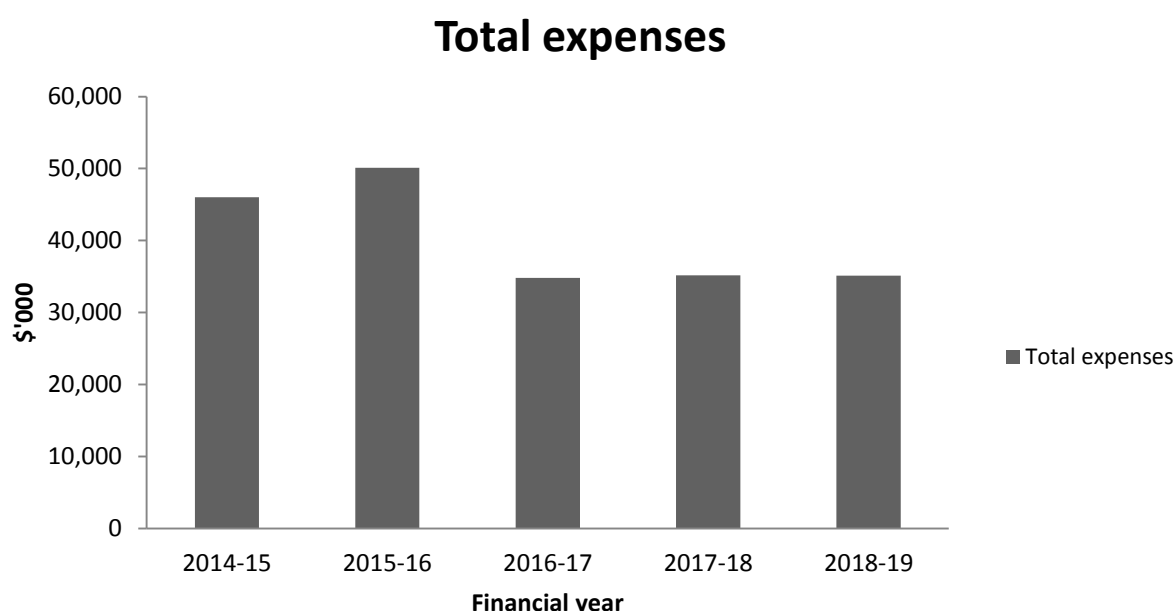
An analysis of the department's budgeted financial statements, as reflected in the department's financial statements, is provided below.

Departmental income statement

Total expenses are estimated to be \$50 million in 2015-16, an increase of \$4 million from the 2014-15 estimated actuals. The increase is due to additional programs including further investigations into the Local Management Arrangements and the Energy Consumer Education Campaign.

The total expenses in 2016-17 and outyears cannot be directly compared to the current budget period due to limited life funded programs. These issues will be considered in detail over the next 12 months.

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 claims. The water infrastructure assets of \$222 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	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
INCOME				
Appropriation revenue	1,9	46,257	41,266	45,514
Taxes		..	..	..
User charges and fees		..	..	..
Royalties and land rents		..	..	..
Grants and other contributions		..	..	..
Interest		..	..	..
Other revenue		4,472	4,763	4,573
Gains on sale/revaluation of assets		..	..	..
Total income		50,729	46,029	50,087
EXPENSES				
Employee expenses	2,10	24,836	25,510	24,936
Supplies and services	3,6,11	13,875	11,478	18,112
Grants and subsidies	4,7,12	11,441	8,014	6,350
Depreciation and amortisation		332	232	220
Finance/borrowing costs		..	..	..
Other expenses	5,8	245	748	469
Losses on sale/revaluation of assets		..	47	..
Total expenses		50,729	46,029	50,087
OPERATING SURPLUS/(DEFICIT)		..	..	..

Controlled balance sheet

Department of Energy and Water Supply	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
CURRENT ASSETS				
Cash assets	13,18	20,406	15,214	15,606
Receivables	14,19,23	2,789	1,527	1,120
Other financial assets		..	..	..
Inventories		..	..	..
Other		82	25	29
Non financial assets held for sale		..	..	..
Total current assets		23,277	16,766	16,755
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		497	713	557
Intangibles	15,20	2,300	..	..
Other		..	..	..
Total non-current assets		2,797	713	557
TOTAL ASSETS		26,074	17,479	17,312
CURRENT LIABILITIES				
Payables	16,21	6,474	2,311	1,941
Accrued employee benefits		886	888	1,091
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total current liabilities		7,360	3,199	3,032
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		7,360	3,199	3,032
NET ASSETS/(LIABILITIES)		18,714	14,280	14,280
EQUITY				
TOTAL EQUITY	17,22	18,714	14,280	14,280

Controlled cash flow statement

Department of Energy and Water Supply	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Appropriation receipts	24,33	46,257	39,529	45,514
User charges and fees		425	283	32
Royalties and land rent receipts		..	..	..
Grants and other contributions		..	..	..
Interest received		..	..	..
Taxes		..	..	..
Other		6,497	6,720	7,094
Outflows:				
Employee costs		(25,831)	(25,871)	(24,771)
Supplies and services	25,29,34	(16,270)	(12,945)	(20,987)
Grants and subsidies	26,30,35	(11,441)	(13,488)	(6,350)
Borrowing costs		..	..	..
Other		(647)	(804)	(576)
Net cash provided by or used in operating activities		(1,010)	(6,576)	(44)
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of non financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed	31,36	1,000	1,000	500
Outflows:				
Payments for non financial assets	27,32	(2,086)	(64)	(64)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by or used in investing activities		(1,086)	936	436
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	28,37	..	(2,022)	..
Net cash provided by or used in financing activities		..	(2,022)	..
Net increase/(decrease) in cash held		(2,096)	(7,662)	392
Cash at the beginning of financial year		22,502	22,876	15,214
Cash transfers from restructure		..	..	..
Cash at the end of financial year		20,406	15,214	15,606

Administered income statement

Department of Energy and Water Supply	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
INCOME				
Appropriation revenue	38,43,49	711,178	654,226	465,849
Taxes		..	..	..
User charges and fees	44,50	673	733	260
Royalties and land rents		..	..	..
Grants and other contributions		..	..	..
Interest		..	..	..
Other revenue	39,45	125	..	..
Gains on sale/revaluation of assets		..	..	..
Total income		711,976	654,959	466,109
EXPENSES				
Employee expenses		..	..	..
Supplies and services	40,46,51	2,402	1,712	3,621
Grants and subsidies	41,47,52	703,501	643,808	453,522
Depreciation and amortisation	42,48	5,400	8,706	8,706
Finance/borrowing costs		..	..	..
Other expenses		..	..	..
Losses on sale/revaluation of assets		..	..	..
Transfers of Administered Revenue to Government		673	733	260
Total expenses		711,976	654,959	466,109
OPERATING SURPLUS/(DEFICIT)		..	..	..

Administered balance sheet

Department of Energy and Water Supply	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
CURRENT ASSETS				
Cash assets	53,58,62	24,348	67,654	35,588
Receivables	54,59	15,595	49,462	45,704
Other financial assets		..	..	..
Inventories		..	..	..
Other	55,63	..	167	..
Non financial assets held for sale		..	..	..
Total current assets		39,943	117,283	81,292
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	56,60	160,612	228,554	221,901
Intangibles		..	..	..
Other		..	..	..
Total non-current assets		160,612	228,554	221,901
TOTAL ASSETS		200,555	345,837	303,193
CURRENT LIABILITIES				
Payables		111,369	118,154	82,636
Transfers to Government payable		259	733	260
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total current liabilities		111,628	118,887	82,896
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		111,628	118,887	82,896
NET ASSETS/(LIABILITIES)		88,927	226,950	220,297
EQUITY				
TOTAL EQUITY	57,61,64	88,927	226,950	220,297

Administered cash flow statement

Department of Energy and Water Supply	Notes	2014-15 Budget* \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Appropriation receipts	65,70,76	711,178	645,161	465,849
User charges and fees		673	802	733
Royalties and land rent receipts		..	..	..
Grants and other contributions		..	..	..
Interest received		..	..	..
Taxes		..	..	..
Other	71,77	65,797	62,901	49,362
Outflows:				
Employee costs		..	..	..
Supplies and services	66,72,78	(66,641)	(55,332)	(53,049)
Grants and subsidies	67,73,79	(702,043)	(638,808)	(485,522)
Borrowing costs		..	..	..
Other		..	..	..
Transfers to Government		(622)	(585)	(733)
Net cash provided by or used in operating activities		8,342	14,139	(23,360)
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of non financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for non financial assets	68,74,80	(1,500)	(80)	(2,053)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by or used in investing activities		(1,500)	(80)	(2,053)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections	68,74,80	1,500	80	2,053
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	69,75	(5,400)	(9,339)	(8,706)
Net cash provided by or used in financing activities		(3,900)	(9,259)	(6,653)
Net increase/(decrease) in cash held		2,942	4,800	(32,066)
Cash at the beginning of financial year		21,406	62,854	67,654
Cash transfers from restructure		..	..	..
Cash at the end of financial year		24,348	67,654	35,588

*Technical adjustments have been made in this statement to reallocate amounts between categories and facilitate consistency across agencies.

Explanation of variances in the financial statements

Income statement

Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

1. Decrease is due to the reduction in the Dam spillway program and funding on programs that have been deferred to 2015-16
2. Increase is due to redundancy payments as a result of departmental restructure that occurred under the former Government
3. Decrease is due to contractor and consultants payments on programs deferred to 2015-16
4. Decrease is due to lower than anticipated expenditure for the Dam Spillway Upgrade program
5. Increase is due to the reallocation of legal costs to other expenses from other supplies and services

Major variations between 2014-15 Budget and 2015-16 Budget include:

6. Increase is due to contractor and consultants payments on programs that have been deferred to 2015-16 including further investigations into the Local Management Arrangements and Energy Consumer Education Campaign
7. Decrease is due to the finalisation of the Dam Spillway Upgrade program in 2014-15
8. Increase is due to the reallocation of legal costs from other supplies and services

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

9. Increase is due to further investigations into the Local Management Arrangements, the Energy Consumer Education Campaign and the deferral of funding to deliver election commitments
10. Decrease is due to redundancy payments in 2014-15, under the former Government, as a result of departmental restructure
11. Increase is due to programs including further investigations into the Local Management Arrangements, the Energy Consumer Education Campaign and the deferral of contractors and consultants to deliver election commitments
12. Decrease is due to the finalisation of the Dam Spillway Upgrade program in 2014-15

Balance sheet

Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

13. Decrease is due reduced payables forecast for year end and the restatement of opening balances due to the machinery of government reconciliation
14. Decrease is due to lower receivables forecast for year end than originally budgeted
15. Decrease is due to the reallocation of the Water Industry Asset Management system from capital to operating expenses as the system will be delivered as software as a service
16. Decrease is due to payables anticipated for Grants that will be settled before year end
17. Decrease is due to equity adjustments related to the deferral of funding for the Water Industry Asset Management system and the restatement of opening balances due to the machinery of government reconciliation of balances

Major variations between 2014-15 Budget and 2015-16 Budget include:

18. Decrease is due reduced payables forecast for year end and the restatement of opening balances due to the machinery of government reconciliation
19. Decrease is due to the lower anticipated receivables at year end and the repayment of the Geothermal Centre of Excellence loan
20. Decrease is due to the reallocation of the Water Industry Asset Management system from capital to operating expenses as the system will be delivered as software as a service
21. Decrease is due to reduced anticipated accounts payable as at year end
22. Decrease is due to equity adjustments related to the deferral of funding for the Water Industry Asset Management system and the restatement of opening balances due to the machinery of government reconciliation

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

- 23. Decrease is due to the repayment of the Geothermal Centre of Excellence loan

Cash flow statement

Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

- 24. Decrease is due to the reduction in the Dam Spillway Upgrade program and funding for programs that have been deferred to 2015-16
- 25. Decrease is due to contractor and consultants payments on programs deferred to 2015-16
- 26. Increase is due to the settlement of higher than budgeted Grants payable at year end
- 27. Decrease is due to the reallocation of the Water Industry Asset Management system from capital to operating expenses as the system will be delivered as software as a service
- 28. The outflow is due to the reallocation of the Water Industry Asset Management system from capital to operating expenses as the system will be delivered as software as a service

Major variations between 2014-15 Budget and 2015-16 Budget include:

- 29. Increase is due to contractor and consultants payments on programs that have been deferred to 2015-16 and new measures including the Local Management Arrangements Stage 3 and the Energy Consumer Education Campaign
- 30. Decrease is due to the finalisation of the Dam Spillway Upgrade program in 2014-15
- 31. The reduction in cash flow is due to the final repayment of the Geothermal Centre of Excellence loan
- 32. Decrease is due to the reallocation of the Water Industry Asset Management system from capital to operating expenses as the system will be delivered as software as a service

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

- 33. Increase is due to further investigations into the Local Management Arrangements, the Energy Consumer Education Campaign and the deferral of funding to deliver election commitments
- 34. Increase is due to additional programs including the Local Management Arrangements Stage 3 and the Energy Consumer Education Campaign and the deferral of contractors and consultants to deliver election commitments
- 35. Decrease is due to the finalisation of the Dam Spillway Upgrade program in 2014-15
- 36. The reduction in cash flow is due to the final repayment of the Geothermal Centre of Excellence loan
- 37. The outflow for the reallocation of the Water Industry Asset Management system from capital to operating expenses was a one off adjustment in 2014-15

Administered income statement

Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

- 38. Decrease is due to the reduction in CSO payments during the year in particular Ergon payments under the Uniform Tariff Policy as a result of lower network costs and lower energy purchases
- 39. Revenue collected for water usage on the Copperfield Dam has been reclassified as Controlled Revenue
- 40. Reduced repairs and maintenance expenditure for the water infrastructure assets is due to delays in project schedules
- 41. Decrease is primarily due to lower Ergon CSO payments under the Uniform Tariff Policy as a result of lower network costs and lower energy purchases
- 42. Increased depreciation expenses is due to the revaluation of the water infrastructure assets

Major variations between 2014-15 Budget and 2015-16 Budget include:

- 43. Decrease is due to the reduction in forecast CSO payments in particular Ergon payments under the Uniform Tariff Policy as a result of reduced network costs from the Australian Energy Regulator preliminary decision
- 44. The decrease is due to the introduction of the National Energy Customer Framework (NECF) from 1 July 2015 and resulting reduction in fees due to the abolition of State-based electricity and gas retail licences now authorised at the national level
- 45. Revenue collected for water usage on the Copperfield Dam has been reclassified as Controlled Revenue
- 46. Increased repairs and maintenance expenditure for the water infrastructure assets is due to delays in 2014-15 projects that have been rescheduled to 2015-16
- 47. Decrease is primarily due to expected lower Ergon CSO payments under the Uniform Tariff Policy as a result of reduced network costs from the Australian Energy Regulator preliminary decision
- 48. Increased depreciation expenses is due to the revaluation of the water infrastructure assets

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

- 49. Decrease is due to the reduction in forecast CSO payments in particular Ergon payments under the Uniform Tariff Policy as a result of reduced network costs from the Australian Energy Regulator preliminary decision
- 50. The decrease is due to the introduction of the National Energy Customer Framework (NECF) from 1 July 2015 and resulting forecast reduction in fees due to the abolition of State-based electricity and gas retail licences now authorised at the national level
- 51. Increased repairs and maintenance expenditure for the water infrastructure assets is due to delays in 2014-15 projects that have been rescheduled to 2015-16
- 52. Decrease is primarily due to expected lower Ergon CSO payments under the Uniform Tariff Policy as a result of reduced network costs from the Australian Energy Regulator preliminary decision

Administered balance sheet

Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

- 53. The cash balance maintained at a higher level than anticipated in order to meet CSO commitments.
- 54. The receivable has increased due to a change in the timing of appropriation funding
- 55. Increase is due to prepayments in relation to water infrastructure assets
- 56. Increase is due to the revaluation of the water infrastructure assets as at 30 June 2014
- 57. Increase is due to the reallocation of an Equity adjustment to cash and receivables and the revaluation of water infrastructure assets

Major variations between 2014-15 Budget and 2015-16 Budget include:

- 58. The cash balance maintained at a higher level than anticipated in order meet to CSO commitments.
- 59. The receivable has increased due to a change in the timing of appropriation funding
- 60. Increase is due to the revaluation of the water infrastructure assets as at 30 June 2014
- 61. Increase is due to the reallocation of an Equity adjustment to cash and receivables and the revaluation of water infrastructure assets

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

- 62. Decrease is due to reduced cash held to meet budgeted CSO payments
- 63. Decrease is due to prepayments in relation to water infrastructure assets which will be expensed in 2015-16
- 64. Decrease is due to an adjustment to return surplus cash to the consolidated fund as a result of increased depreciation funding

Administered cash flow statement

Major variations between 2014-15 Budget* and 2014-15 Estimated Actual include:

- 65. Decrease is due to the reduction in CSO payments during the year in particular Ergon payments under the Uniform Tariff Policy as a result of lower network costs and lower energy purchases
- 66. Decrease is due to GST paid in relation to CSO payments
- 67. Decrease is due to lower Ergon CSO payments under the Uniform Tariff Policy as a result of lower network costs and lower energy purchases
- 68. Decrease is due to the delay in capital projects for water infrastructure assets
- 69. Increase is due to the return of surplus cash to the consolidated fund following a depreciation increase from the revaluation of water infrastructure assets and the deferral of capital projects

Major variations between 2014-15 Budget* and 2015-16 Budget include:

- 70. Decrease is due to expected lower Ergon CSO payments under the Uniform Tariff Policy as a result of reduced network costs from the Australian Energy Regulator preliminary decision
- 71. The decrease is due to lower GST input tax credits to be received from the ATO in relation to decrease in energy related CSO payments
- 72. Decrease is due to GST paid in relation to CSO payments
- 73. Decrease is due to expected lower Ergon CSO payments under the Uniform Tariff Policy as a result of reduced network costs from the AER preliminary decision
- 74. Increase is due to the delay in capital projects for water infrastructure assets
- 75. Increase is due to the return of surplus cash to the consolidated fund following a depreciation increase from the revaluation of water infrastructure assets

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

- 76. Decrease is due to lower Ergon CSO payments under the Uniform Tariff Policy as a result of reduced network costs from the Australian Energy Regulator preliminary decision
- 77. The decrease is due to lower GST input tax credits to be received from the ATO in relation to decrease in energy related CSO payments
- 78. Decrease is due to GST paid in relation to CSO payments
- 79. Decrease is due to expected lower Ergon CSO payments under the Uniform Tariff Policy as a result of reduced network costs from the Australian Energy Regulator preliminary decision
- 80. Increase is due to the delay in capital projects for water infrastructure assets rescheduled to 2015-16

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.
Machinery-of-government	The redistribution of the public business of one government agency to another government agency. Also referred to as MoG.
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.

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

