

# A. Full responses from entities

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As mandated in Section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comments to:

- Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement
- Treasurer and Minister for Trade and Investment
- Under Treasurer, Queensland Treasury
- Director-General, Department of Energy and Public Works.

We also provided a copy of the report to the following people and gave them the option of providing a response:

- Premier and Minister for the Olympic and Paralympic Games
- Director-General, Department of the Premier and Cabinet
- board chairs and chief executive officers for
  - CleanCo Queensland Limited
  - CS Energy Limited
  - Energy Queensland Limited
  - Queensland Electricity Transmission Corporation Limited (trading as Powerlink Queensland)
  - Queensland Hydro Pty Ltd
  - Stanwell Corporation Limited.

This appendix contains the detailed responses we received.

The heads of these entities are responsible for the accuracy, fairness, and balance of their comments.



# Comments received from Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement



Minister for Energy, Renewables and Hydrogen  
Minister for Public Works and Procurement

Our Ref: MN13495-2023  
Your Ref: PRJ03871

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28 NOV 2023

Mr Brendan Worrall  
Auditor-General  
Queensland Audit Office  
Email: [REDACTED]

Dear Mr Worrall

Thank you for your email of 3 November 2023 regarding the Queensland Audit Office (QAO) proposed Financial Audit Report (the Proposed Report) summarising the audit results of Queensland's state-owned energy entities and the opportunity to provide comments.

I welcome that QAO has provided unmodified audit opinions on the 2022-23 financial statements for all state-owned energy entities and I appreciate the consultative approach undertaken.

I value QAO's acknowledgment of the Queensland Energy and Jobs Plan (the Plan) in the Proposed Report. This represents an exciting time for the sector because the Plan sets an ambitious but credible pathway to transform Queensland's electricity system and deliver clean, reliable and affordable power. The Plan sets a clear vision for our future, to accelerate to 50% renewable energy by 2030, 70% renewable energy by 2032 and 80% renewable energy by 2035.

The Queensland Government has also recently introduced into Parliament the Energy (Renewable Transformation and Jobs) Bill 2023, which will enshrine into law the renewable energy targets based on QAO's previous methodology to calculate renewable energy over generation.

I am pleased to advise that the implementation of the Plan is well underway and in the 2023-24 State Budget a capital investment of approximately \$19 billion was included across the forward estimates to support the Plan. This includes \$7 billion towards state-owned, large scale, long-duration pumped hydro, with \$6 billion allocated towards the Borumba project and \$1 billion held for the Pioneer-Burdekin project, pending final approval.

Furthermore, the Queensland Government has committed \$4.5 billion to the Queensland Renewable Energy and Hydrogen Jobs Fund, to support the delivery of publicly owned renewables, storage and network investments. This fund will continue to play an important role in the future energy system as clean energy hubs.

I note the new recommendation in the Proposed Report for energy entities to strengthen information system controls. Given the sensitive nature of data, it is imperative that energy entities must have appropriately sound parameters to enhance their security controls and technology to mitigate this risk.

I also note that all energy entities continue to act on the recommendation from QAO's previous reports, Energy 2022 (Report 8: 2022-23), Energy 2021 (Report 7: 2021-22) and Energy 2020 (Report 11: 2020-21), to strengthen the security of their information systems, and while energy entities continue to take appropriate action on these issues, energy entities should continue to explore opportunities to improve their cyber security approaches.

Given the ever-increasing threat of cyberattacks and heavy reliance on digital information management systems to the operation of our organisations, it is crucial all energy entities must have stronger security practises to protect against such attacks, and related and significant reputational damage. As a specific example, one government owned corporation's IT project had detailed and discrete requirements added to the scope, broadening it out significantly, which were separately costed and make up additional cost.

Entities will continue to be required to include how they are addressing cyber security in regular quarterly updates to Shareholding Ministers, along with their Statement of Corporate Intent and Corporate Plan.

It is also noted that the electricity sector is responding to cost pressures (in particular fuel costs) which can impact government owned corporations' profitability. It appears that QAO has not made specific observations on the exposure of Queensland's government owned corporations to input cost pressures and their ability to manage these costs within their normal operations.

Thank you again for the opportunity to review and respond to the Proposed Report. If you require further information or help with this matter, please contact

[Redacted contact information]

Yours sincerely



Mick de Brenni MP  
**Minister for Energy, Renewables and Hydrogen**  
**Minister for Public Works and Procurement**



# Comments received from Director-General, Department of Energy and Public Works



Queensland  
Government

Department of  
**Energy and Public Works**

Our Ref: MN13715-2023

**28 NOV 2023**

Mr Brendan Worrall  
Auditor-General  
Queensland Audit Office  
Email: qao@qao.qld.gov.au

Dear Mr Worrall

Thank you for your email of 3 November 2023 regarding the Queensland Audit Office (QAO) proposed Energy 2023 – Financial Audit Report (the Proposed Report) summarising the audit results of Queensland's state-owned energy entities and the opportunity to provide comment.

I welcome that QAO has provided unmodified audit opinions on the 2022-23 financial statements for all state-owned energy entities and the consultative approach undertaken.

I appreciate QAO's acknowledgment of the Queensland Energy and Jobs Plan (the Plan) in the Proposed Report. This represents an exciting time for the sector because the Plan sets an ambitious but credible pathway to transform Queensland's electricity system and deliver clean, reliable and affordable power. The Plan sets a clear vision for our future, to accelerate to 50% renewable energy by 2030, 70% renewable energy by 2032 and 80% renewable energy by 2035.

State-owned energy entities will play an important role in the delivery of the Plan. Implementation is already underway, and the Department of Energy and Public Works (DEPW) will work closely with entities as implementation activity ramps up over the coming years.

I note the new recommendation in the Proposed Report for energy entities to strengthen information system controls. Given the sensitive nature of data, it is imperative that energy entities have appropriate sound parameters to enhance their security controls and technology to mitigate this risk.

I also note that all energy entities continue to act on the recommendation from QAO's previous reports, Energy 2022 (Report 8: 2022-23), Energy 2021 (Report 7: 2021-22), and Energy 2020 (Report 11: 2020-21), to strengthen the security of their information systems, and while energy entities continue to take appropriate action on these issues, energy entities should continue to explore opportunities to improve their cyber security approaches.

In recognition of the increasing reliance on digital information management systems to the operation of our organisations, it is crucial robust and appropriate controls are in place to protect Queensland's important assets and systems. It is critical for State-owned entities to be prepared for the ever-increasing threat of cyber-attacks.

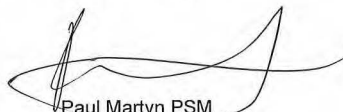
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Entities will continue to be required to include how they are addressing cyber security in regular quarterly updates to Shareholding Ministers, along with their Statement of Corporate Intent and Corporate Plan.

It is also noted that the electricity sector is responding to cost pressures (in particular fuel costs) which can impact government owned corporations' (GOCs) profitability. It appears that QAO has not made specific observations on the exposure of Queensland's GOCs to input cost pressures and their ability to manage these costs within their normal operations.

Thank you again for the opportunity to review and respond to the Proposed Report. If you require further information or help with this matter, please contact

Yours sincerely



Paul Martyn PSM  
Director-General



# Comments received from Under Treasurer, Queensland Treasury



Queensland  
Government

Queensland Treasury

Our Ref: 04619-2023

Mr Brendan Worrall  
Auditor-General  
Queensland Audit Office  
PO Box 15396  
CITY EAST QLD 4002

Email: QAO.Mail@qao.qld.gov.au

Dear Mr Worrall

Thank you for your correspondence of 3 November 2023 regarding the Queensland Audit Office (QAO) draft *Energy 2023 Report* (the Report) summarising the audit results of seven Queensland energy entities.

These entities are delivering on the Queensland Government's \$62 billion *Queensland Energy and Jobs Plan* and will be supported by the Energy (Renewable Transformation and Jobs) Bill 2023 which confirms the Government's renewable energy and public ownership commitments.

For 2022–23, I note:

- QAO has proved unmodified audit opinions on the financial statements for all energy sector entities, including that statements are reliable and comply with relevant reporting requirements
- Queensland was the only jurisdiction to record a decrease in average wholesale electricity prices with a reduction of by 11 per cent
- customer returns have increased to \$1.5 billion, including through the Queensland Government's \$175 Cost of Living Rebate, and the community service obligation payment subsidising high costs of providing electricity to regional Queensland
- some sector profit movements due to volatility of electricity prices, lower transmission and distribution tariff rates, and changes in the value of coal fired power stations.

Cyber security and internal information control remains a critical focus. Treasury is working in partnership with the Queensland Government Chief Information Security Officer and Cyber Security Unit to continually improve maturity, including:

- a cyber security review of government-owned corporations
- increasing government-owned corporation investment in cyber security management
- regular government-owned corporation reporting on cyber security issues.

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Delays to Energy Queensland Limited's (EQL) Digital Transformation Program have not been acceptable, with shareholding ministers and departments expressing their expectation to EQL that this project is delivered efficiently. The final cost of the program has not yet been determined and EQL continues to review program rollout.

Thank you again for the opportunity to respond to the Report. If you require any further information, please contact [REDACTED]

Yours sincerely



Michael Carey  
**Under Treasurer**

29 / 11 / 2023

