Energy: 2016–17 results of financial audits (Report 9: 2017–18). Tabled 20 February 2018.

Slide 1: Welcome

This presentation summarises our report to parliament on the results of our 2016–17 financial audits of the government owned energy entities.

Please note this is a summary and the full report can be read on our website.

Slide 2: Audit results

We provided unmodified audit opinions on all five entities' financial statements this year within the statutory deadline. The five entities that prepared financial statements are Stanwell, CS Energy, Powerlink, Energy Queensland and Ergon Energy Queensland.

This means they prepared their financial statements in accordance with legislative requirements and relevant accounting standards, and that the financial statements can be relied upon. We found that all entities have good financial reporting practices which allows them to produce high-quality financial statements in a timely manner.

We also issued 12 opinions and conclusions on regulatory information notices prepared by Ergon and Energex for the Australian Energy Regulator (AER). We concluded the regulatory information notices were prepared according to AER requirements and we issued our opinions and conclusions within the AER deadlines.

Slide 3: Financial performance

Financial performance of the energy entities improved, and profit increased by 45 per cent from the prior year. This increase was largely attributable to the two electricity generation entities, Stanwell and CS Energy, whose profits increased by $511 million. High average market prices for energy in 2016–17, which were the highest on record, combined with increased demand for energy caused this increase.

Due to the increase in profits, the energy entities increased their dividends declared for payment to the state government by 11 per cent from the prior year. Total dividends declared for payment were $1.62 billion in the 2016–17 financial year.

Slide 4: Internal controls

We concluded that the control environment was suitably designed and implemented for all energy entities.

We did not identify any significant internal control deficiencies in the sector, but we did identify 16 lower risk deficiencies. All entities accepted our recommendations relating to these deficiencies and plan to resolve them by 1 July 2018.

Slide 5: Future challenges and emerging risks

Queensland's energy sector faces challenges in designing, constructing, maintaining, and operating generation and supply assets. Future changes in technology and renewable policies will affect methods of generation and the use of large distribution networks.

Further, in June 2017, the Queensland Government released the *Powering Queensland Plan*. This plan includes a number of measures at a cost of $1.16 billion undertaken by the Queensland Government by reinvesting the profits of the energy generators that were returned to the government in the form of dividends. The measures are aimed at ensuring affordable, secure and sustainable energy supply for Queensland.

Slide 6: For more information

For more information on the results, financial performance, and future challenges or emerging risks highlighted in this summary presentation, please see the full report on our website.

Thank you.