Report on a page

This report summarises the audit results of Queensland's energy entities. These entities generate, transmit and distribute electricity for Queensland.

Financial statements are reliable

We issued 7 audit opinions for the energy sector. The financial statements of the energy entities are reliable and comply with relevant reporting requirements. All energy entities met their legislative deadlines for signing their financial statements.

Internal controls can be strengthened

Energy entities must actively implement strong controls to protect their information and assets. Energy sector entities need to strengthen the security over their systems and processes (internal controls). This continues to be the area where we identify an increasing number of issues, particularly in relation to access to systems. We identified 2 deficiencies that were significant (which means they need to be addressed immediately). These related to managing full access to information systems and making termination payments to senior management.

Energy Queensland has been implementing its digital transformation program since 2016. The complexity of integrating multiple systems has caused delays in implementing the asset management and payroll system components. The program was originally scoped with a budget of $238 million and due for completion in June 2020. The approved budget was revised to $717 million in 2022. The program is now expected to be completed in June 2026 with the revised scope and at an estimated cost of $952 million.

Sector profitability continues to decline

Total profits have declined by $211 million to $121 million in 2022–23. Current year profits of the energy sector were affected by the volatility in electricity prices, a decline in the value of the power stations, higher operating costs, and a reduction in transmission and distribution revenues due to lower tariff rates. The generators' profits increased, but this was not enough to offset the reduction in profits in the other parts of the energy supply chain.

Although profits declined, the shareholder returns to the Queensland Government increased. This is due to the recommencement of dividends from the transmission entity, which resulted in an increase in dividends of $142 million. Generators continued to retain dividends for investment in future energy projects.

The sector faces challenges in achieving *Queensland Energy and Jobs Plan* targets

The Queensland Government's *Queensland Energy and Jobs Plan* sets a pathway for achieving 80 per cent renewable energy generation by 2035. Several renewable energy projects are underway to reduce Queensland's reliance on coal, along with pumped hydro energy storage projects which will support the energy transformation. Any delays in delivering the renewable projects, and any increase in construction costs or environmental concerns, could affect the viability of the projects and the achievement of the plan's targets.