

A. Full responses from entities

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.

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

- Premier and Minister for the Olympics
- Director-General, Department of the Premier and Cabinet
- Director-General, Department of Energy and Public Works
- chief executive officers for
 - CleanCo Queensland Limited
 - CS Energy Limited
 - Energy Queensland Limited
 - Queensland Electricity Transmission Corporation Limited (trading as Powerlink Queensland)
 - 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: MN11154-2022
Your Ref: PRJ03241

22 NOV 2022

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

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Dear Mr Worrall

Thank you for your email of 31 October 2022 regarding the Queensland Audit Office (QAO) draft *Energy 2022 - Financial Audit Report* (the Draft Report) summarising the audit results of Queensland's six State-owned entities and the opportunity to provide comments.

I welcome that QAO has provided unmodified audit opinions on the 2021-22 financial statements for all the State-owned energy sector entities and I appreciate the consultative approach.

It is an exciting period in the energy sector. I appreciate that the QAO has acknowledged the Queensland Government's announcement of the \$62 billion Queensland Energy and Jobs Plan (the Plan) on 28 September 2022. The Plan sets out Queensland's pathway to a clean, reliable and affordable energy system to provide power for generations while committing to new renewable energy targets of 70% renewable energy by 2032 and 80% by 2035.

I am pleased to advise that the implementation of this Plan is well underway.

This Plan will build the new 'Queensland SuperGrid' – the renewable energy, storage and network infrastructure we need to power our industries, businesses and homes.

The Queensland Government has committed a \$2.5 billion boost to the Queensland Renewable Energy and Hydrogen Jobs Fund to make it a \$4.5 billion fund, to further support the delivery of publicly owned renewables, storage and network investments. This fund will also further support the entities to increase their ownership of Queensland's energy system.

Queensland's publicly owned coal-fired power stations will continue to play an important role in the future energy system as clean energy hubs.

It is noted all energy entities continue to act on the recommendation from QAO's previous report, *Energy 2021* (Report 7: 2021-22) and *Energy 2020* (Report 11: 2020-21), to strengthen the security of their information systems, and while entities took appropriate action on the issues that QAO reported on previous years, energy entities should continue to undertake initiatives to improve their cyber security approaches.

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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 practices to protect against such attacks, related and significant reputational damage.

Entities will 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. In addition, the government recently announced a Generator Asset Management and Cyber Security Assurance Review. Key objectives are to ensure current approaches to both asset management and cyber security reflect contemporary practice, appropriately address risks, and ensure the delivery of reliable and secure power to Queensland consumers.

Thank you again for the opportunity to review and respond on the Draft Report. If you need more information or help with this matter, please contact

Yours sincerely



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



Comments received from Under Treasurer, Queensland Treasury



Queensland Treasury

Our Ref: 04730-2022

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

Dear Mr Worrall

Thank you for your correspondence of 31 October 2022 regarding the Queensland Audit Office (QAO) draft *Energy 2022* report (the Report) summarising the audit results of Queensland's six energy entities. I acknowledge the efforts of QAO officers involved in developing the report and their engagement with Queensland Treasury.

I welcome the QAO providing unmodified audit opinions on the 2021–22 financial statements for all energy sector entities and note the QAO's recommendation for all entities to continue to strengthen the security of their information systems.

Queensland's state-owned energy entities play a pivotal role in ensuring Queensland's energy supply remains secure and reliable, which is crucial to Queensland's economy.

As the Report highlights, a confluence of factors during 2021–22 drove significant volatility in energy and commodity markets across the world, including global geopolitical events and extreme weather. Of these, the predominant cause of price volatility has been the increased cost of coal and gas due to the conflict in Ukraine. I acknowledge the work of our energy government-owned corporations throughout this volatile period, whose efforts have ensured Queensland's electricity supply remained secure and reliable.

Wholesale electricity price volatility also impacts generation sector returns, as noted in the Report. Generators seek to manage fluctuations in wholesale electricity prices by entering into contracts to provide revenue and cost certainty. Importantly, balance sheet implications associated with these contracts are expected to reverse as contracts unwind in subsequent years and electricity is delivered.

The *Queensland Energy and Jobs Plan* (the Plan) outlines the State's pathway to transform the Queensland energy system to deliver clean, reliable, and affordable power over the next 10 to 15 years, creating a platform for strong economic growth and continued investment.

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The Plan outlines significant investment in renewables, storage and transmission to achieve the 50 per cent Queensland Renewable Energy Target early and attain 70 per cent renewables by 2032 and 80 per cent by 2035. This will support a greater level of energy independence and resilience to guard against future price shocks.

A key enabler of the Plan is the Government's \$4.5 billion *Queensland Renewable Energy and Hydrogen Jobs Fund* for Queensland's energy government-owned corporations to increase investment in commercial renewable energy and hydrogen projects, as well as supporting infrastructure, including in partnership with the private sector.

While current energy market challenges are not unique to Queensland, they do underpin the value of Queensland's energy businesses investing in new battery storage, solar and wind projects, and hydrogen opportunities. These investments will complement the State's existing portfolio of baseload generation assets, which will be critical to ensure security of electricity supply through Queensland's energy transformation.

I also note key observations of the QAO in relation to cyber security and that, while businesses have been taking appropriate actions to address recommendations made by the QAO in the *Energy 2021* report, further work is required to strengthen the security of information systems. This is a key focus for Government and all entities must have strong practices to protect against cyber security threats.

Queensland Treasury, in conjunction with the Queensland Government Chief Information Security Officer and Cyber Security Unit, continues to work with all government businesses (energy, water, and transport) regarding cyber security best practice. This is a critical ongoing work program to ensure entities both achieve desired maturity and sustain an effective position as the sophistication of cyber threats increases.

In addition, the Government recently announced a Generator Asset Management and Cyber Security Assurance Review. Key objectives are to ensure current approaches to both asset management and cyber security reflect contemporary practice, appropriately address risks, and ensure the delivery of reliable and secure power to Queensland consumers.

Thank you again for the opportunity to review and respond to the Report. If you require any further information, please contact

Yours sincerely



Leon Allen
Under Treasurer

21 / 11 / 2022

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

Our Ref: MN10875-2022
Your Ref: PRJ03241

21 NOV 2022

Mr Brendan Worrall
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Department of
Energy and Public Works

Dear Mr Worrall

Thank you for your email of 31 October 2022 regarding the Queensland Audit Office (QAO) draft *Energy 2022 - Financial Audit Report* (the Draft 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 2021-22 financial statements for all the State-owned energy sector entities.

I appreciate that QAO has acknowledged the Queensland Government's announcement of the Queensland Energy and Jobs Plan (the Plan) on 28 September 2022, which outlines Queensland's pathway to a clean, reliable and affordable energy system to provide power for generations. The Plan represents a comprehensive roadmap to transform the State's energy system, underpinning future economic growth, jobs and new industries in Queensland.

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 QAO's advice that all energy entities took appropriate action on the recommendation from QAO's previous report, *Energy 2021 (Report 7: 2020-21)* to strengthen the security of its information systems.

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.

The safe, secure and reliable operation of the electricity supply system is important for Queensland consumers and industry. That is why – as part of the forthcoming Portfolio Generator Asset Management and Cyber Security Assurance Review – shareholding Ministers have sought independent advice on the security of information systems as it impacts on supply.

Thank you again for the opportunity to review and respond on the draft Report. If you need more information or help with this matter, please contact

Yours sincerely

A blue ink signature of Paul Martyn PSM, consisting of a stylized 'P' followed by a long horizontal line.

Paul Martyn PSM
Director-General

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