

# 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 the:

- Treasurer and Minister for Trade and Investment
- Minister for Regional Development and Manufacturing and Minister for Water
- Under Treasurer, Queensland Treasury
- Director-General, Department of Regional Development, Manufacturing and Water.

We also provided a copy of the report to the following entities with an invitation to respond:

- Premier and Minister for the Olympics
- Director-General, Department of the Premier and Cabinet
- chief executive officers of
  - Seqwater
  - Sunwater
  - Urban Utilities
  - Unitywater
  - Mount Isa Water Board
  - Gladstone Area Water Board
  - Queensland Competition Authority.

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 Under Treasurer, Queensland Treasury



Queensland Treasury

Our Ref: 04791-2021

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 providing the Queensland Audit Office (QAO) draft Water 2021 Report (the Report) summarising the audit results of six entities in Queensland's water sector.

A key objective for the Queensland Government is ensuring that these enterprises operate as efficiently as possible to ensure they continue to provide safe, secure and cost-effective water services to the communities they operate in, supporting Queensland's economic recovery from the COVID-19 pandemic.

I note that the QAO provided unmodified audit opinions of the 2020-21 financial statements for the six water entities and the QAO's recommendation for entities to continue to strengthen the security of their information systems.

I also note the QAO's observations regarding future challenges for the sector, including Queensland's recent experience of extreme weather conditions, with 37 councils drought declared. In particular, the Report acknowledges the impact of prolonged drought on water storage levels and operational costs and in response, the water sectors planned capital investment in water security projects and Government's ongoing support for the irrigation sector. While these drought response actions come at a cost, the ongoing support provided to the water sector by the Queensland Government remains crucial to help sustain our economic recovery.

The performance, sustainability and internal control environments of State water entities will continue to be monitored to ensure continued improvement, prudent investment and the delivery of water services.

If you require any further information, please contact

[Redacted], who will be pleased to assist.

Yours sincerely

Leon Allen  
Under Treasurer

27/11/2021

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## Comments received from Director-General, Department of Regional Development, Manufacturing and Water

Our ref: CTS 21391/21



- 1 NOV 2021

Department of  
**Regional Development,  
Manufacturing and Water**

Mr Brendan Worrall  
Auditor-General  
Queensland Audit Office  
53 Albert Street  
BRISBANE QLD 4000

Email: qao@qao.qld.gov.au

*Brendan*  
Dear Mr Worrall

Thank you for your correspondence of 8 October 2021 regarding the results of the 2020-21 water entities' financial audits, and for providing a draft copy of the "Water 2021" Report.

I have no material concerns with the draft Report, which I believe reflects a fair and accurate view of publicly owned water entities in Queensland.

I note the Report identifies a cyber security breach which occurred during the reporting period and recommends water entities continue to improve the security of their information systems. The Department of Regional Development, Manufacturing and Water (DRDMW) will follow up with relevant water entities to determine what actions they are undertaking to ensure the Report's specific recommendations are adequately addressed.

I appreciate the opportunity for DRDMW to review the draft Report and provide feedback ahead of its tabling in Parliament.

If you require any further information, please contact [redacted] who will be pleased to assist.

Yours sincerely

*Graham Fraine*  
Graham Fraine  
Director-General

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Queensland 4001 Australia  
**Telephone** 13 QGOV (13 74 68)  
**Website** www.rdmw.qld.gov.au  
**ABN** 51 242 471 577

## Comments received from Chief Executive Officer, Urban Utilities



Office of the Chief Executive Officer  
Level 2, 15 Green Square Close  
Fortitude Valley QLD 4006

GPO Box 2765  
Brisbane QLD 4001

3 November 2021

The Auditor-General  
Queensland Audit Office  
53 Albert Street  
Brisbane QLD 4000

Via email – [qao@qao.qld.gov.au](mailto:qao@qao.qld.gov.au)

Dear Auditor-General,

### Urban Utilities' Response to Queensland Audit Office Water Report 2021

We thank you for the opportunity to respond to the Queensland Audit Office's (QAO) 2021 report on the state of the water sector in Queensland which addresses important cross sector issues including the ongoing importance of water security, and the sustainable supply of water.

Urban Utilities is working constructively with the bulk water supply authority Seqwater to ensure the long-term security and sustainability of water supply and water security in South East Queensland. The decade since the end of the Millennium Drought has seen significant planning to ensure the water security to our shared communities.

Recent water reliability modelling prepared for the new Water Security Plan indicates that impacts on water grid reliability resulting from climate change and increasing population growth in South East Queensland, has seen the investment in the next water source move from post 2040 to the early 2030. To ensure water security into the future, Urban Utilities continues to progress active discussion with key stakeholders and communities for all options for water security to be on the table to ensure climate independent water sources, such as purified recycled water for drinking, are progressed.

While meeting the water supply challenges of the future, it's also vital that the water sector continues to deliver affordable services to our customers and community. For this reason, Urban Utilities will continue to work with Seqwater to take a comprehensive and integrated approach to assessing investment decisions. The approach will consider broader objectives, including, but not limited to, social, economic, environmental and community benefit outcomes, and will optimise these outcomes across the water sector.

Nationwide, there remains opportunities to fully integrate the urban water cycle and achieve the full suite of water security, public health, environmental and urban amenity outcomes that our communities expect. In uniting the sector through collaborative projects, such as Water for SEQ, Seqwater and other

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Distributor-Retailers in our region are seeking to shape future strategic and operational decisions for the region with a whole-of-system, multidisciplinary approach that aims to optimise the entire urban water cycle across the delivery of water, wastewater and recycled water services.

Central to this work is transparency of the cost drivers for water and sewerage services, derivation of an integrated set of measures of success and an “all options on the table” approach to addressing the affordability and liveability challenges that the water sector will face into the future. Bulk water represents approximately 40% of the average water bill for customers in our service area and are increasing at costs higher than inflation. The likely impact of drought during the coming periods will further escalate these costs. Ensuring cross sector efficiencies remains critical to the overall affordability of water prices to customers.

Recognising our role in providing critical water services for our customers in a sustainable manner, Urban Utilities is also working to ensure that we prudently manage our own financial sustainability. We have recently completed a capital structure review that balances reasonable returns to shareholders, our ability to service the community requirements for growth at the appropriate customer service levels and our long-term financial sustainability objectives.

Thank you for the opportunity to raise these important cross-sector issues. Please don’t hesitate to contact me to discuss any of these matters further.

Yours sincerely

A handwritten signature in black ink, appearing to read "Louise Dudley".

**Louise Dudley**  
Chief Executive Officer  
Urban Utilities

