

Your ref:
Our ref: 2014-0750
Mr Nick George 3149 6142



28 February 2014

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28 February 2014
11.1.15

Ms E Pasley
Research Director
State Development, Infrastructure and Industry Committee
Parliament House
George Street
BRISBANE QLD 4000

Dear Ms Pasley

Water Supply Services Legislation Amendment Bill 2014

The following comments are provided for consideration by the Committee in their inquiry on the *Water Supply Services Legislation Amendment Bill 2014 (Bill)* and specifically about the operation of *Clause 62 Replacement of section 108 (Providing regular audit reports)*.

Clause 62 of the Bill proposes to insert a new section 108A in the *Water Supply (Safety and Reliability) Act 2008* which would require an audit of performance information provided to the regulator by service providers under that Act. This section would require the audit to be performed by a 'qualified auditor', a term which is not defined.

The service providers to which this section applies mostly comprise state and local government entities which I am required to audit in accordance with the *Auditor-General Act 2009*. While I am able, and prepared, to audit the performance information of service providers who are also public sector entities, it is unclear whether this is the intention of the new s.108A.

The ability to conduct an audit and issue an appropriate opinion on the performance information as required by s.108A will also depend on the development of an appropriate framework for preparing the performance report.

In Chapter 3 of my Report to Parliament 7: 2013-14 *Results of audit: Water sector entities 2012-13*, I reported on the financial performance, position and sustainability of Seqwater, SunWater, Queensland Urban Utilities, Unitywater, Gladstone Area Water Board and the Mount Isa Water Board. In this Chapter I reported that there is presently no framework which requires these entities to assess their financial performance, position and sustainability against short, medium and long term targets.

The Report acknowledged that the Department of Energy and Water Supply (DEWS) was currently developing a performance reporting framework against which water sector entities administered by DEWS would be requested to report. I recommended that the performance reporting framework being developed by DEWS include the measures used in the report to assess the financial sustainability of these six entities. These measures are identified on page 39 of the Report. A full copy of the Report is available at:

<https://www.qao.qld.gov.au/files/file/Reports%20and%20publications/Reports%20to%20Parliament%202013-14/RtP7Watersectorentities2012-13.pdf>

If you would like further information in relation to this submission please contact Nick George,
Director on 3149 6142 in the first instance.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Andrew Greaves', with a stylized flourish extending to the right.

Andrew Greaves
Auditor-General