



Speech By
Patrick Weir

MEMBER FOR CONDAMINE

Record of Proceedings, 6 September 2018

STATE DEVELOPMENT, NATURAL RESOURCES AND AGRICULTURAL INDUSTRY DEVELOPMENT COMMITTEE

Report, Motion to Take Note

 **Mr WEIR** (Condamine—LNP) (3.06 pm): I rise to make a contribution as a member of the State Development, Natural Resources and Agricultural Industry Development Committee to the Auditor-General's report No. 5 titled *Water: 2016-17 results of financial audits*. Water in Queensland is utilised predominantly by households, for agricultural purposes, mining, electricity generation, tourism and industries involved with manufacturing. This financial audit covered the entities of SunWater, Mount Isa Water Board, Unitywater, Gladstone Area Water Board, Seqwater and Queensland Urban Utilities.

The Audit Office stated that all water entities have effective year-end close processes allowing them to produce high-quality financial statements in a timely manner. Further to this, all water entities met their 31 August legislative deadline. The report also states that Seqwater's financial report met the legislative deadline for the first time in three years. For the third consecutive year the water sector has reported an increase in its operating profits, with four entities having profits after income tax greater than prior years. The report concluded that all the water entities are financially sustainable and are capable of paying their debts.

There has been an increase in profits from the water sector of 71 per cent—\$154 million. The returns made by the distributor-retailers of water to their participating local governments amounted to \$202 million for 2016-17—an increase of \$31 million from 2015-16. The contributions received by developers has increased by \$129 million, or 41 per cent, over the past three years. In this same time there has been approximately \$85,000 new building approvals in the local government areas serviced by Queensland Urban Utilities and Unitywater all requiring water.

Seqwater continues to make an operating loss, largely reflecting the historical underrecovery of the cost of water. Seqwater's sustainability is dependent upon future returns provided through the pricing set by the Queensland government and, importantly, upon the security currently provided by the state for borrowings. Seqwater manages and maintains \$3.2 billion of climate-resilient manufactured water assets, including the Gold Coast desalination plant and the Western Corridor Recycled Water Scheme. Seqwater carries debts associated with those assets of \$2.8 billion, along with maintenance responsibilities.

In 2016-17, the Gold Coast desalination plant produced 1,562 megalitres of water, which is 3.2 per cent of the total capacity, representing just 0.5 per cent of total water supplied by Seqwater, and provides a source of water supply during drought and flood. The plant currently operates in a hot standby mode, which means it is operated at the level of water production required to maintain the plant in a state of readiness to deliver 33 per cent of capacity within 24 hours and 100 per cent within 72 hours, if required.

In response to a question on notice regarding the use of recycled water produced at Luggage Point, the Audit Office provided the following—

Luggage point is the home of a large sewage treatment plant that is owned and operated by Queensland Urban Utilities. The treated sewage flows back into the Brisbane river through an outflow from this site.

That highlights a couple of issues. One is the level of debt that is still being carried by Seqwater after the Beattie years, with the construction of the western corridor and associated treatment plants. It seems incredible that, after all this time, water is being treated to a potable standard and then pumped into the Brisbane River. That is particularly so at this time of drought. Whilst that water is to be used to ensure security of supply for Brisbane, when not required it would be a valuable resource for both the agricultural and horticultural sectors.