




Speech By
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MEMBER FOR BANCROFT

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**STATE DEVELOPMENT, NATURAL RESOURCES AND AGRICULTURAL
INDUSTRY DEVELOPMENT COMMITTEE**

Report, Motion to Take Note

 **Mr WHITING** (Bancroft—ALP) (3.01 pm): I move—

That the House take note of the State Development, Natural Resources and Agricultural Industry Development Committee report No. 29 titled *Consideration of the Auditor-General's report 8: 2018-19—Water: 2017-18 results of financial audits* tabled on 2 May 2019.

Every year we see these types of audit reports. They always make interesting reading. When we spoke on last year's audit of our water entities we were critical—the QAO took note—of the security of Queensland's water entities. At the time I outlined how in the old days, when councils owned water entities, there was fairly easy access. The water reclamation plant, clarification plant or sewage treatment plant was just another council depot down the road. Things were a bit more low key. It was pointed out that if we want real security for these very important pieces of infrastructure we need to make sure that systems are automated, passwords are regularly changed, there is physical restriction of access to computers and there is comprehensive disaster preparedness and documentation.

This audit shows that this Queensland infrastructure is, thankfully, more secure than it was last year. That is a great thing. We have better control systems, better control frameworks for our water entities and better internal financial controls. We have seen a great improvement for our water entities in terms of security of infrastructure. I commend our water entities on that.

We talk a lot about water and energy in this place. I will outline the finances our water entities generate. They have revenue of \$3.3 billion and expenses of \$2.8 billion. They get a lot of money in, but nearly all of it goes out. Last year SunWater held back its dividend because it needs to build some very expensive infrastructure. We know that money goes into maintaining and rebuilding infrastructure. It is not a case of just putting things in place and leaving them there with no more money needing to be spent. Water infrastructure needs to be constantly renewed and built—from replacing pipes and whole pump stations to installing new water storage facilities. I remember from my Caboolture council days that we built a new reverse osmosis reclamation plant at Murrumba Downs. That cost \$44 million 10 years ago. That one piece of infrastructure was very expensive.

There are net assets of \$7.9 billion but total assets of \$23.3 billion. The sector is very highly geared and carries a lot of debt. That is typical in this sector. That is what we want to see and how it survives. We asked whether the debt-to-equity ratios of the water entities meet industry standards, and we were assured that they are quite typical for the industry. Despite having total assets of \$23 billion and revenue of \$3 billion, total profit was only \$346 million. I think that indicates that Queenslanders are getting real value for money out of all of the water systems throughout our state. There is an enormous amount of infrastructure right across our state to make sure water comes out of our taps.

We also asked about the income streams to councils from water entities. What was listed were tax equivalents, which are paid to themselves in lieu of paying the Commonwealth, and participation returns, which is money for owning the entity. Last financial year this was \$166 million. It is quite a

substantial amount of money. We know that there is a third tranche of payments going to councils. They receive income for owning those financial instruments that hold the debt for some of this infrastructure. Councils still hold that, even though the infrastructure itself is held by a different entity. For Queensland Urban Utilities and Unitywater there is about \$62 million coming in. That is on top of the \$166 million. I say to councils that it would be great to see more transparency of the income they receive from water entities.