

Report on a page

This report summarises the audit results of six entities in Queensland’s water sector: Seqwater, Sunwater, Urban Utilities, Unitywater, Gladstone Area Water Board, and Mount Isa Water Board.

Seqwater is no longer liable for damages from the 2011 South East Queensland floods class action

In February 2021, Sunwater and the Queensland Government agreed to pay \$440 million in relation to the 2011 South East Queensland floods class action. Seqwater successfully appealed against the court judgement, which means it is no longer liable to pay damages to the group members of the class action. That decision does not impact on the settlement being paid by Sunwater and the Queensland Government.

Financial statements are reliable

All entities’ financial reports are reliable and comply with relevant laws and standards. They have been prepared in a timely manner and are of good quality.

Weaknesses in information systems continue

We continue to identify weaknesses in the information systems water entities use to prepare financial statements. These weaknesses allowed a cyber breach to occur at one entity and remain undetected for nine months. Entities need to establish stronger processes for monitoring access to systems.

Profits and shareholder returns have increased

Sunwater’s settlement as part of the 2011 South East Queensland floods class action was \$80 million lower than it estimated in 2019–20. Previously, Sunwater recognised a liability (and matching expense) of \$330 million based on its best estimate of the obligation at that time. The reduced settlement adjusted its profit and the combined profit of the sector. While shareholder returns were higher than in previous financial years, the floods class action adjustment did not flow through to dividends.

However, continuing improvements to assets involving significant infrastructure investment are likely to impact on the sector’s returns to shareholders over the next decade.

Drought, the sustainable supply of water, and dam improvement programs continue to pose challenges

The ongoing drought in Queensland—particularly in the Central and South East regions—highlights that projects that contribute to the reliable provision of an acceptable quality and quantity of water are a priority. The drought increases operating costs, and entities also need to fund projects to make water supply more sustainable.

We are undertaking a performance audit that will provide insights on the Department of Regional Development, Manufacturing and Water’s framework for ensuring dams are managed safely.

