

Seqwater **Operational Plan 2020-21**



Performance agreement

Board statement and agreement of responsible Ministers

The Seqwater Operational Plan 2020-21 (Plan) is presented in accordance with Chapter 2, Part 4 of the *South East Queensland Water (Restructuring) Act 2007* (Restructuring Act).

The Plan is the performance agreement between the Seqwater Board and its responsible Ministers, the Honourable Cameron Dick, Treasurer and Minister for Investment, and the Honourable Glenn Butcher, Minister for Regional Development and Manufacturing and Minister for Water.

The Plan sets out Seqwater's financial and non-financial performance targets for the year, together with its major activities, objectives, undertakings, policies, investments and borrowings. It aligns with Seqwater's *Strategic Plan 2020-24*, which is included in this document.


Seqwater will take all reasonable steps to implement the Plan and to provide accurate and timely progress reports to the responsible Ministers. Seqwater will promptly advise the responsible Ministers of any major changes to the key assumptions and outcomes detailed in this Plan. These changes will be dealt with in accordance with the requirements of the Restructuring Act.

This agreement is signed by the Chairman of the Board on behalf of all members in accordance with a unanimous decision of the Seqwater Board.



.....
Honourable Dr David Hamill AM
Chairman

Date: 9th December 2020



.....
Honourable Cameron Dick,
Treasurer and Minister for Investment

Date: 09.02.2021



.....
Honourable Glenn Butcher,
Minister for Regional Development and
Manufacturing and Minister for Water

Date: 3.2.2021

Chairman's foreword

Seqwater is pleased to present its Operational Plan 2020-21 to its responsible Ministers.

In 2020-21, our Operational Plan will pursue five strategic objectives that are set out in the four-year strategic plan. It demonstrates our commitment to continue to serve South East Queensland's growing communities, with our service population set to reach four million by 2027-28. We will ensure we are ready for this growth, with plans in place to meet the demands of a thriving region in the years beyond.

We will continue to work on our region's long-term water supply plan, the South East Queensland Water Security Program version 3, to manage the demands of population growth and the impact of climate change. We know new water infrastructure is a significant inter-generational investment. We want our communities to be part of our planning and to ultimately help shape our water future.

Over the next 10 years Seqwater will make an unprecedented investment in critical water supply infrastructure, delivering key projects including the South West Pipeline, to meet the growing communities of Logan and Scenic Rim, dam upgrades and refurbishments of key water treatment assets.

As Seqwater continues to shape its workforce responding to changes in the environment, we will drive improvements in culture and leadership. We will support our people through development programs, effective leadership and implementation of our safety culture strategy and culture transformation program.

In 2020-21 Seqwater will continue to invest in improving the health of drinking water catchments across South East Queensland. More than half of our investment will be delivered by catchment partnership groups and local councils across the region.

As always, we carefully balance our investments with optimal value for our communities as we progress on our path to strengthen financial sustainability. Seqwater cannot achieve its objectives alone. We are proud of our open and effective relationships with our retailer customers as we work together to identify and deliver whole-of-system improvements.

We will comply with all relevant Government policies and guidelines, work collaboratively with our retailer customers and seek value for the people of South East Queensland.

Honourable Dr David Hamill AM
Chairman

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1. Seqwater's role

Seqwater delivers a safe, secure, and cost-effective bulk water supply for over three million people across South East Queensland (SEQ). It provides irrigation water, as well as essential flood mitigation services, catchment management and recreation facilities.

On behalf of its communities, Seqwater manages and maintains water supply assets, including dams, weirs, conventional water treatment plants, reservoirs, pumps and pipelines, as well as climate resilient water sources, such as the Gold Coast Desalination Plant and the Western Corridor Recycled Water Scheme. Its operations extend from the New South Wales border to the base of the Toowoomba ranges and north to Gympie.

It owns and operates the SEQ Water Grid, a 600klm two-way pipeline network that enables treated drinking water to be moved around the region, between Greater Brisbane and the Sunshine Coast, Redlands Coast and Gold Coast.

Seqwater supplies bulk treated drinking water to five retailer customers, Unitywater, Urban Utilities and the water businesses of the Logan, Redland and Gold Coast councils. These retailers in turn deliver drinking water to consumers through their distribution networks. Seqwater works with its retailer customers to achieve the best whole-of-system solutions.

In addition to urban bulk water supply, Seqwater supplies irrigation water to about 1,200 farmers and growers through seven schemes. Seqwater also has arrangements in place to supply water to Toowoomba and Gympie regional councils and power stations operated by Stanwell Corporation and CleanCo.

Seqwater provides access to diverse recreation opportunities on Seqwater's land and water storages.

Core business activities consistent with Seqwater's role as a statutory authority include:

- water supply
- water security
- water quality
- asset management
- environmental management
- recreation management
- flood mitigation.

This plan details how Seqwater will deliver on these activities in 2020-21.

2. Strategy, risks and opportunities

2.1 Seqwater's vision, promise and values

2.1.1 Vision

Seqwater is committed to being respected as a leading water authority and achieving our vision - **Water for life**.

2.1.2 Vision statement

We are respected as a leading water authority.

By excelling locally and thinking globally, our knowledge and expertise is guiding water policy, and the use of technology in our industry.

We are a safe, inclusive workplace that supports diversity and opportunity. We invest in our people and empower them to make decisions and challenge the status quo.

We respect the traditional owners of the land, catchments and waterways on which we operate, and seek to continue their tradition of stewardship. By partnering with our communities, customers and government, we are helping shape livable, healthy catchments and communities for generations to come.

2.1.3 Promise

Seqwater's **Safe for life** promise reflects our commitment to keeping ourselves, each other and our communities healthy, safe and well at work and at home.

2.1.4 Values

Seqwater's corporate values are:

- Integrity – be honest and do the right thing
- Respect – work together, seek to understand, value differences, and bring your best
- Care – look after yourself, each other and our communities
- Courage – speak up, find better ways, lead by example.

2.2 Risks and opportunities

2.2.1 Risks

Seqwater maintains an enterprise risk management system, explained further in the key policies section 3.2.6. In 2020-21 Seqwater continues to operate in a COVID-19 environment which may potentially affect a number of Seqwater's enterprise risks—water supply, water quality, workplace, health and safety risks, etc. Similarly, as SEQ remains in drought readiness, should the dry conditions continue it may affect enterprise risks including water security, water quality and financial sustainability. Seqwater's enterprise risks are detailed in Table 2.2.1.1.

Table 2.2.1.1

Risk	Key mitigation strategies
Workplace health and safety	All officers and workers are health, safety and wellbeing leaders, with a responsibility to actively participate in the development and implementation of safe work practices and procedures. We will comply with the work health and safety performance requirements set by relevant legislation. We will continue to foster a strong safety culture through our <i>Safe for Life</i> strategy with focus areas of prioritised initiatives, and ongoing enhancement of our Work Health and Safety Management System.
Major supply asset failure	Asset management planning and a condition monitoring program routinely reviews, identifies and treats risks to the asset base. Supply modelling and contingency planning support Seqwater's ability to mitigate the impacts and implement preventative controls. Seqwater's capital investment decisions address the potential for major supply asset failure using risk informed priorities.
Financial sustainability	Effective Board policy and business governance frameworks are in place to promote prudent operational, investment and capital structure decisions, that enable Seqwater to strengthen financial sustainability.
Water security	The Water Security Program, a requirement under the <i>Water Act 2000</i> , is Seqwater's plan for providing South East Queensland's drinking water over 30 years. Seqwater has comprehensively examined demand, supply and the operation of the Water Grid—the three levers that work together to secure the region's water supply. The program sets out the plan to manage drought, including how and when to use higher cost climate-resilient water infrastructure such as the Western Corridor Recycled Water Scheme. Seqwater's usage of such infrastructure occurs efficiently and effectively as possible.
Stakeholder relations	Seqwater has a brand, reputation and relationship management framework, an engagement strategy, and targeted plans to engage with stakeholders, customers and communities with the aim to secure, maintain and grow trust in and advocacy for Seqwater. These plans are actively implemented and monitored throughout the year.
Supply obligations	Seqwater maintains a compliance framework that provides regular oversight of its legislative and regulatory obligations and identifies risk areas where water supply service obligations may not be within Seqwater's direct control. Seqwater is working to clarify the commercial relationships with its retailer customers, through the development of bulk water service standards considering regulation and current and future contractual arrangements and requirements, with the aim to improve the delivery of services, and be better positioned to advocate for public policy and regulatory changes.

Risk	Key mitigation strategies
Environment	Seqwater has a certified Environmental Management System in place to ensure environmental compliance and prevent environmental harm from its operations. Site operational process controls and regular reviews support this. Training is provided to staff to raise environmental awareness, and scientific research undertaken to improve Seqwater's understanding of potential environmental issues and impacts across our catchments and areas of operation.
Technology security	With digital systems now intrinsic to Seqwater's operations, the need to effectively and efficiently manage cyber risk is essential to meeting regulatory obligations and delivering safe and reliable water services to the community. Seqwater's cyber security strategy aims to standardise cyber practices and improve cyber maturity through integration of leading practices into business operations, actively govern cyber security performance through top-down risk ownership and leadership and increase organisational cyber security awareness.
Public safety	Seqwater maintains recreation assets on a programmed schedule and in accordance with risk-based assessments and actively works with enforcement agencies in relation to water activities and illegal access. Seqwater's <i>Play it safe</i> public education campaign encourages visitors to plan ahead and practice safe behaviours at Seqwater's dams, lakes and parks.
Emergency management	Seqwater adopts a comprehensive approach to emergency management encompassing the management of risk originating from hazards through a continuous cycle of prevention, preparedness, response and recovery. Using a combination of emerging risk identification and lessons learned from whole-of-system desktop and live simulations and actual disruption events, plans and procedures are reviewed and updated to increase organisational resilience.
Major dam failure	To ensure dams are safely operated and maintained, as well as minimising the risks associated with dam failure and flood events, Seqwater has a comprehensive Dam Safety Management Program which comprises a number of elements including operations, maintenance, ongoing safety surveillance, safety review, reporting, condition assessment, individual and portfolio risk assessments, emergency preparedness and a dam improvement program. Seqwater's Dam Safety Investment Policy deals with the prioritisation of investment for works on dams identified to meet ANCOLD standards its dam improvement program.
Attraction and retention	Seqwater's workforce and succession planning processes and learning and development program help build the skills and capability of the workforce. Employee surveys are conducted to identify opportunities for improvement. A people strategy is in place to drive a number of transformational levers with the aim of fostering an inclusive culture that attracts, engages, develops, and retains diverse talent, developing leadership capability and improving organisational performance, culture and engagement.
Water quality	Seqwater continues to implement and maintain its Drinking Water Quality Management Plan, consistent with the Australian Drinking Water Guidelines framework, relevant legislation, and the Standard for Food Safety Management Systems. Seqwater commits to ensuring that the system operates on the concept of multiple barriers, through a number of programs designed to act in concert to protect water quality, including training, system audits and engineered barriers in addition to water treatment processes. The barriers extend to water source protection and catchment health, which plays an active role.
Fraud and corruption	Seqwater's fraud and corruption control strategy is based on the recognised best practice approach of prevention, detection and response as well as compliance with established policies, procedures, values and the law. A Fraud and Corruption Working Group monitors, reviews and reports on specific fraud and corruption risks. Data analysis provides oversight of high-risk transactional functions – accounts payable, vendor master files, payroll and corporate credit card use. A customised fraud and corruption awareness program has been rolled out across Seqwater commencing with top tier key focus areas, e.g. finance, operations, and project delivery.

Risk	Key mitigation strategies
Water supply	To ensure future bulk water supply demands can be met from an operational perspective, Seqwater continues to ensure proper prioritisation and timely delivery of water treatment plant capacity upgrades and SEQ Water Grid augmentation projects. To support this, Seqwater has committed to improvement initiatives to strengthen its capital planning, delivery capabilities, processes and systems.

2.2.2 Opportunities

In 2020-21, Seqwater has identified the following opportunities to support improved delivery of its services:

- drive performance improvements and efficiencies through implementing business realignment, enterprise planning and systems transformation and process improvement
- drive improvements in the planning and delivery of large capital projects through the implementation of a dedicated major projects team
- improve resilience of its current asset base through criticality assessment and resilience planning
- improve long term planning through incorporating climate change considerations in modeling assumptions
- undertake a strategic assessment for the next major water supply augmentation
- identify and acquire strategically located land packages for future supply sources.

3. Undertakings

3.1 2020-21 plan

3.1.1 Service delivery

Seqwater is committed to maximising value to South East Queenslanders. Delivering its core services to its customers and South East Queensland communities remains Seqwater's priority, including:

- a safe, reliable and affordable bulk water supply
- water for irrigation
- flood mitigation services
- public access to water and land-based recreation in and around its lakes
- long-term water security planning
- water source protection, by partnering with stakeholders considering the catchment as a whole.

3.1.2 Delivering on strategy

South East Queensland's population continues to grow. By 2027-28, Seqwater will need to supply bulk water for four million people. In pursuit of its *Water for life* vision and to meet this increasing demand, Seqwater has set a destination:

Seqwater is ready and able to provide safe, affordable and reliable bulk water for four million South East Queenslanders.

Seqwater has identified five strategic objectives to focus on over the next four years to enable the destination to be reached:

- increase customer, community and stakeholder support and satisfaction
- increase water supply certainty
- strengthen financial sustainability
- improve processes, systems and planning
- improve safety and organisational culture.

We have set measures of success across these five strategic objectives.

Increase customer, community and stakeholder support and satisfaction

In 2020-21, Seqwater will continue to engage and educate stakeholders and communities through the Water Future Program, with the goal of achieving a water wise community. A water wise community is connected to water, participates in decision making and acts to manage water sustainably.

To achieve this goal, Seqwater will continue to partner with its retailer customers, South East Queensland's water service providers, to deliver the program in their service territories and pursue opportunities to involve local and regional stakeholders including community, industry and environmental groups.

In particular Seqwater will promote facts about purified recycled water and increase awareness and familiarity with purified recycled water through targeted promotional campaigns.

Seqwater will continue to engage with its retailer customers to improve integrated planning across the SEQ network to provide improved water supply infrastructure that meets end customers' needs and best value outcomes.

Undertakings

Seqwater will:

- engage impacted communities about water infrastructure projects to build awareness and understanding, and to foster positive relationships with the communities it serves
- publish information about purified recycled water and increase awareness through targeted promotional campaigns
- partner to identify opportunities and deliver whole-of-supply system improvements and improve catchment health and source water quality.

Increase water supply certainty

Seqwater's Water Security Program is developed to plan how the water supply system will be operated and augmented over the next 30-year period to meet growing demand. The current program (version 2) was set in 2017. The next program (version 3) is under development and will consider new information, provide increased certainty for future augmentation options and consider the impacts of climate change.

Seqwater's drought response plan outlines key actions to manage supply shortages caused by extended drought. This plan is set out in the current Water Security Program (2017) and will continue to be implemented as required.

The resilience of Seqwater's asset base is paramount, Seqwater will continue to understand and quantify the resilience of the key water supply assets to inform its capital program planning and delivery.

Undertakings

Seqwater will:

- continue to develop the Water Security Program version 3
- implement the Drought Response Plan as required.

Strengthen financial sustainability

Seqwater will progress its financial sustainability objective through driving operational efficiency and asset program optimisation strategies, as well as proactive measures relating to debt portfolio management.

Seqwater will continue to plan for long term water security, delivering its annual capital program to ensure the provision of safe and reliable bulk water services and meet legislative and regulatory obligations. Seqwater continues to pursue opportunities to achieve further operational efficiencies, including the incorporation of the Queensland Competition Authority efficiency target into operating budgets.

In 2020-21 Seqwater will deliver services within operating budgets, under normal operating conditions.

Undertakings

Seqwater will:

- deliver an optimised capital program, meeting water security and program efficiency requirements
- undertake planning for the next bulk water price path review and submission to the QCA.

Improve processes, systems and planning

Each year Seqwater plans and prepares to respond to a range of events. An annual program including document review, training and simulation exercises is undertaken to optimise resilience and preparedness and drive continuous improvement.

In 2019 Seqwater restructured to better align its functions with its strategic objectives and to drive improvements in planning and delivery of its services.

An enterprise planning and systems transformation program commenced in 2019, the aim of which was to define and develop future state business capability requirements, introduce business process management and define technology architecture requirements. This work will continue in 2020-21, targeting our finance, human resource, asset performance/management, and supporting systems.

Over the next 10 years Seqwater has an unprecedented number of high complexity major projects that need to be delivered to meet water security and flood resilience demands. A dedicated team has been established to manage the planning and delivery of the significant program of works.

Undertakings:

Seqwater will:

- commence improvements in Work Health and Safety, finance, human resource and asset management systems
- ensure resilience and emergency preparedness, by continuing to undertake the activities listed in Table 3.1.2.1.

Table 3.1.2.1

Activity	Completed by
Annual statement of preparedness	September 2020
Undertake flood scenarios	November 2020
South East Queensland water supply system emergency response exercise	November 2020
Selected emergency management team annual update training	December 2020
Selected incident controllers annual update training	December 2020
Seqwater emergency management desktop exercise	December 2020
Seqwater Emergency Management Manual annual review	June 2021

Improve safety and organisational culture

In 2020-21 Seqwater will continue to drive positive safety performance and culture improvements as well as continue to support trainee, apprentice and graduate development through its ongoing Next Generation program.

Undertakings

Seqwater will continue to:

- implement the long-term safety culture strategy
- drive cultural change through targeted initiatives
- drive improved performance through leadership development and reporting capability.

3.2 Key policies

3.2.1 Governance and prudent financial information

Seqwater will continue to review existing governance arrangements to streamline processes, and to deliver improved effectiveness and efficiency.

Seqwater will comply with all relevant legislation, Government policies and guidelines.

The Chief Executive Officer, under the direction of the Board, is responsible for ensuring that prudent financial practices are applied within Seqwater.

3.2.2 Capital structure strategy and borrowings

Seqwater manages operations, investment and borrowings prudently and efficiently. Seqwater will continue to manage matters within its current control, such as prudent investment in infrastructure, efficient operating costs, interest rate risk management strategies and consideration of refinancing options as appropriate.

No new debt or borrowings are anticipated in 2020-21 under normal operating conditions.

3.2.3 Annual return

Within six months of the end of each financial year, Seqwater is required to pay the State an annual return as determined by the responsible Ministers.

To determine the amount to be paid, Seqwater must provide the responsible Ministers an estimate of its net profit for the year, with a recommendation on the amount of annual return to be paid by 15 May each year.

Seqwater will comply with all relevant legislation, Government policies and guidelines.

3.2.4 Weighted average cost of capital

The weighted average cost of capital applied will be consistent with Government policy.

3.2.5 Treasury Policy

Seqwater has policies to minimise investment and borrowing risk. Seqwater's Treasury Policy has been implemented to ensure a prudent and efficient approach to the management of assets and liabilities associated with the financing of Seqwater's business.

Seqwater will comply with all relevant legislation, Government policies and guidelines.

3.2.6 Risk management

Seqwater maintains an enterprise risk management system which aligns with the *AS/NZS ISO 31000: Risk Management Principles and Guidelines*. The system comprises a risk management policy statement, risk appetite statement, and enterprise risk management framework. The system outlines a process for identifying, analysing, evaluating, treating, and monitoring risks. Seqwater's enterprise risks and key mitigation strategies are outlined in Section 2.2.1 of this Plan.

3.2.7 Employment and industrial relations

An Employment and Industrial Relations Plan is provided as Attachment 1. Remuneration arrangements for the Board members, the Chief Executive Officer and executives of Seqwater are detailed in the Employment and Industrial Relations Plan.

3.2.8 Bulk water pricing

Seqwater will apply bulk water prices in 2020-21 as set by the Minister for Natural Resources, Mines and Energy.

3.2.9 Network service plans

Seqwater will continue to prepare and publish network service plans for each of its irrigation water supply schemes and to consult annually with customers. In addition, Seqwater will work with customers to strengthen customer relationships by responding to customer requests to establish formal Customer Councils to improve customer engagement and transparency.

3.2.10 Sponsorships, advertising, corporate entertainment and donations

Sponsorship, advertising, corporate entertainment and donations budget expenditure is detailed in Attachment 2.

3.2.11 Recreation Policy

In March 2020, Seqwater's Board approved The Recreation Policy Statement with a desired outcome:

To provide access to a diversity of recreation opportunities on Seqwater's land and water storages without compromising our ability to provide safe, secure and cost-effective water and catchment services.

This outcome will be achieved through the following key objectives:

- provide recreation opportunities that are within our capacity to deliver safe drinking water
- promote safe recreational use, building on the strong safety culture within Seqwater
- ensure sustainable outcomes through balancing values and interests including, for example, recreation, visual amenity, noise, the environment, cultural heritage and our neighbours (Sustainable Recreation)
- engage with our partners, stakeholders and the SEQ communities to enable equitable and inclusive access to our recreation facilities
- give public access precedence over commercial or exclusive use and provide recreation access that represents value for money, noting that recreation costs are included in bulk water charges paid by the people of SEQ.

3.2.12 Queensland disaster management arrangements

Seqwater assists local and district disaster management groups as an active advisor, as detailed in the Bulk Authority Emergency Response Plan, Emergency Management Manual and Manuals of Operational Procedures for Flood Mitigation. Seqwater provides direct advice on disaster risks relating to flood, bush fire and dam infrastructure, and works collaboratively with its retailer customers to provide advice on drinking water supply.

Seqwater has developed an emergency management training program, which provides competency-based learning for Seqwater employees and contractors to respond in accordance with its Emergency Management Manual. The training plan incorporates a Queensland disaster management arrangements module, which provides training to liaison officers within the State Disaster Coordination Centre

3.2.13 Acquisition and disposal of major assets

Seqwater manages its assets under its *Non-current Asset Accounting Policy*, which complies with section 18(3) of the *Financial and Performance Management Standard 2019*. The policy outlines identifying, acquiring, maintaining, disposing of, valuing or revaluing and recording or writing off assets, and aligns with Queensland Treasury's *Non-current asset policies for the Queensland Public Sector*.

Seqwater will comply with all relevant legislation, government policies and guidelines.

3.2.14 Procurement

The *Queensland Procurement Policy 2019* has been incorporated into Seqwater's procurement policy, procedure and associated guidelines. These documents govern all procurement activity performed by Seqwater.

4. Business performance

4.1 Performance measures

4.1.1 Financial performance measures

Table 4.1.1.1

KPI	2020-21 forecast				
	Q1	Q2	Q3	Q4	Full year
Operating revenue \$000	267,401	274,368	267,527	261,314	1,070,610
Operating expenditure \$000	70,610	71,361	68,877	75,844	286,692
EBITDA \$000	196,791	203,007	198,650	185,470	783,918
EBIT \$000	129,129	134,501	131,600	117,694	512,924
NPAT \$000	10,891	14,650	12,620	2,885	41,046
EBITDA margin	73.6%	74.0%	74.3%	71.0%	73.2%
Total assets \$000	11,749,681	11,768,218	11,785,523	11,782,127	11,782,127
Capital expenditure \$000	24,575	31,291	49,659	70,086	175,611
Gearing ratio (debt to [debt + equity ratio])	0.84	0.84	0.84	0.84	0.84
FFO Interest coverage	1.14	1.18	1.16	1.04	1.13
Capital replenishment ratio	0.36	0.46	0.74	1.03	0.65
Operating expenditure ratio	26.4%	26.0%	25.8%	29.0%	26.8%

4.1.2 Non-financial performance measures

Table 4.1.2.1

KPI	2020-21 targets				
	Q1	Q2	Q3	Q4	Full year
Forecast water production (ML) ¹	80,213	84,316	82,081	80,053	326,663
Lost time injury frequency rate (LTIFR) ²	≤3.5	≤3.5	≤3.5	≤3.5	≤3.5
Statutory notifications for environmental harm	0	0	0	0	0
Zones compliant with Australian Drinking Water Guidelines	100%	100%	100%	100%	100%
Dam safety inspection program – legislative compliance	100%	100%	100%	100%	100%

¹ These figures represent the retailer customers demand only.

² Seqwater's target for injuries of any type is always zero with an upper maximum LTIFR of ≤3.5 for 2020-21.

4.2 Assumptions

Seqwater's budget forecast is based on the assumptions in Table 4.2.1

Table 4.2.1

Economic indices	
CPI	Outer year projections include escalations based on recommendations in the QCA Final Report (March 2018).
Wage growth	Outer year projections include escalations based on recommendations in the QCA Final Report (March 2018).
Long term interest rates	As per QTC projected interest rates as at July 2020.
Revenue	
Water sales	Distribution / retail revenue is calculated using the recommended prices in the QCA Final Report (March 2018) for 2018-21 and forward estimates.
Demand	Consistent with Seqwater's Annual Operating Strategy for 2020-21.
Operating expenses	
Seqwater	Developed using a top-down baseline budgeting methodology aligning to the QCA Final Report (March 2018) and Board approved expenditure.
Capital	
Phasing	Project completion dates and budget estimates listed in section 4.4 are reflective of the different stages of maturity in project planning and are based on the best information available at the time of preparing this Plan.
Changes in forecasts	Project completion dates are indicative and subject to change based on weather conditions, unplanned operational changes and/or capital delivery timetabling changes due to emerging or changing priorities. Project budget estimates increase in certainty as projects progress through Seqwater's project gateway process. Therefore, cost estimates are subject to change.
Project Gateways	Seqwater works closely with Building Queensland on projects over \$50 million and has aligned its project gateway process (gates 0, 1 and 2) with the <i>Building Queensland Business Case Development Framework</i> .

The 2020-21 budget is prepared based on fair weather conditions and does not include any contingency for weather events such as cyclones, floods and drought. Under the terms of the QCA review set by the Treasurer, Seqwater will seek to recover costs through a review event in the next price review, using the existing review event mechanisms from the 2018 Queensland Competition Authority bulk water pricing review. Claims for these events are generally ex-post based on actual, provable, prudent and efficient incremental expenditures.

Details of the potential expenditure resulting from drought response triggers, as set out in the Water Security Program version 2, are provided in Attachment 3.

4.3 Financial statements

4.3.1 Statement of comprehensive income³

Table 4.3.1.1

	2020-21 budget				
	Q1	Q2	Q3	Q4	Full year
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Operating revenue					
Water services	262,942	269,798	262,820	256,568	1,052,128
Interest income	637	747	872	928	3,184
Other revenue	3,822	3,823	3,835	3,818	15,298
Total operating revenue	267,401	274,368	267,527	261,314	1,070,610
Operating expenses					
Employee expenses	24,976	29,198	25,019	28,844	108,037
Supplies and services	45,634	42,163	43,858	47,000	178,655
Total operating expenses	70,610	71,361	68,877	75,844	286,692
EBITDA	196,791	203,007	198,650	185,470	783,918
Depreciation and amortization	67,662	68,506	67,050	67,776	270,994
Other asset revaluations, losses and write downs	0	0	0	0	0
EBIT	129,129	134,501	131,600	117,694	512,924
Finance/borrowing costs	113,571	113,572	113,572	113,572	454,287
Profit (loss) before income tax	15,558	20,929	18,028	4,122	58,637
Taxation (expense) benefit	(4,667)	(6,279)	(5,408)	(1,237)	(17,591)
Net profit (loss) after income tax	10,891	14,650	12,620	2,885	41,046

³ Rounding has been used in these calculations.

Statement of financial position⁴

Table 4.3.1.2

	2020-21 budget				
	Q1	Q2	Q3	Q4	Full year
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Current assets					
Cash and cash equivalents	360,760	411,884	453,439	450,000	450,000
Trade and other receivables	174,322	179,097	172,387	169,674	169,674
Inventories	9,374	9,374	9,374	9,374	9,374
Other current assets	5,803	5,803	5,803	5,803	5,803
Total current assets	550,259	606,158	641,003	634,851	634,851
Non-current assets					
Property, plant and equipment	11,046,624	11,009,343	10,989,722	10,989,290	10,989,290
Other non-current assets	152,798	152,717	154,798	157,986	157,986
Total non-current assets	11,199,422	11,162,060	11,144,520	11,147,276	11,147,276
TOTAL ASSETS	11,749,681	11,768,218	11,785,523	11,782,127	11,782,127
Current liabilities					
Trade and other payables	46,900	47,353	49,475	45,137	45,137
Employee benefits	25,009	25,009	25,009	25,009	25,009
Interest payable	37,832	37,832	37,832	37,832	37,832
Other current liabilities	11,883	9,038	6,192	14,780	14,780
Total current liabilities	121,624	119,232	118,508	122,758	122,758
Non-current liabilities					
Employee benefits	3,600	3,600	3,600	3,600	3,600
Interest bearing liabilities	9,384,583	9,384,583	9,384,583	9,384,583	9,384,583
Deferred tax liabilities	191,520	197,799	203,208	204,444	204,444
Other non-current liabilities	287,708	287,708	287,708	275,941	275,941
Total non-current liabilities	9,867,411	9,873,690	9,879,099	9,868,568	9,868,568
TOTAL LIABILITIES	9,989,035	9,992,922	9,997,607	9,991,326	9,991,326
NET ASSETS	1,760,646	1,775,296	1,787,916	1,790,801	1,790,801
Equity					
Contributed equity	(715,888)	(715,888)	(715,888)	(715,888)	(715,888)
Asset revaluation reserve	2,755,888	2,755,888	2,755,888	2,755,888	2,755,888
Accumulated profit (loss)	(279,354)	(264,704)	(252,085)	(249,199)	(249,199)
TOTAL EQUITY (DEFICIENCY)	1,760,646	1,775,296	1,787,916	1,790,801	1,790,801

⁴ Rounding has been used in these calculations.

4.3.2 Statement of cash flows⁵

Table 4.3.2.1

	2020-21 budget				
	Q1	Q2	Q3	Q4	Full year
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Cash flow from operating activities					
<i>Inflows</i>					
Receipts from water services	239,996	265,999	270,508	253,132	1,029,635
Receipts from leases, rentals and other	2,978	981	978	1,180	6,117
Interest received	637	747	872	928	3,184
<i>Outflows</i>					
Payments to suppliers and employees	(59,781)	(71,644)	(67,477)	(74,925)	(273,827)
Interest paid	(112,321)	(113,496)	(113,496)	(113,496)	(452,809)
Net operating cash flows	71,509	82,587	91,385	66,819	312,300
Cash flow from investing activities					
<i>Inflows</i>					
Proceeds from sale plant and equipment	0	0	0	0	0
<i>Outflows</i>					
Payments for acquisition of property, plant and equipment	(24,575)	(31,291)	(49,659)	(70,086)	(175,611)
Net investing cash flows	(24,575)	(31,291)	(49,659)	(70,086)	(175,611)
Cash flow from financing activities					
<i>Inflows</i>					
QTC borrowings/capitalised interest	0	0	0	0	0
<i>Outflows</i>					
Lease Payments	(171)	(172)	(171)	(172)	(686)
Net financing cash flows	(171)	(172)	(171)	(172)	(686)
Net increase (decrease) in cash held	46,763	51,124	41,555	(3,439)	136,003
Cash and cash equivalents at the beginning of the financial period	313,997	360,760	411,884	453,439	313,997
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	360,760	411,884	453,439	450,000	450,000

⁵ Rounding has been used in these calculations.

4.4 Notification of capital program

Seqwater's 2020-21 capital program is budgeted at \$175.6 million, an increase on the previous financial year exceeding \$21 million⁶.

The planned program for 2020-21 includes significant capital expenditure for the continuation of dam improvement projects as well as upgrades at several water treatment plants.

Capital asset expenditure⁷

Table 4.4.1

	2020-21 budget				
	Q1	Q2	Q3	Q4	Full year
Asset group	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Infrastructure capital					
Natural	1,344	1,419	875	929	4,567
Water storage	5,544	12,590	22,988	33,025	74,147
Water treatment	8,973	6,879	12,073	20,209	48,134
Water transport	6,106	7,744	7,402	10,005	31,257
Purified recycled water	258	249	250	241	998
Irrigation	129	750	702	0	1,581
Recreation	84	0	78	258	420
Other infrastructure	455	139	1,625	3,260	5,479
Total infrastructure capital	22,893	29,770	45,993	67,927	166,583
Non-infrastructure capital					
Information communication and technology	988	762	1,260	1,038	4,048
Land compensation	0	0	1,648	300	1,948
Laboratory data systems	220	283	283	347	1,133
Fleet	201	201	201	201	804
Building	273	275	274	273	1,095
Total non-infrastructure capital	1,682	1,521	3,666	2,159	9,028
TOTAL CAPITAL EXPENDITURE	24,575	31,291	49,659	70,086	175,611

⁶ Budget increase is measured against 2019-20 Queensland Government Budget Paper 3 value of \$154m.

⁷ Rounding has been used in these calculations.

Key projects for 2020-21 are listed in Table 4.4.2.

Table 4.4.2

Project	Details	Project expected completion	2020-21 budget (\$000)	Total project cost (\$000) ⁸	Project status ⁹	Investment approval level	Investment approval status
Projects over \$10 million							
Lake Macdonald Dam upgrade	Upgrade to comply with dam safety regulations	2023-24	\$24,850	\$127,278	Procurement	Responsible Minister	Ministerial approval received
South West Pipeline ¹⁰	Pipeline to connect Beaudesert to the SEQ Water Grid to secure long-term water supply	2022-23	\$11,496	\$95,200 ¹¹	Procurement	Responsible Minister	Ministerial approval received
Ewen Maddock Dam safety upgrade stage 2A	Upgrade to comply with dam safety regulations	2021-22	\$11,000	\$24,500	Delivery	Board	Board approved
Mt Crosby East Bank Water Treatment Plant filtration upgrade	Refurbish the 20 Mt Crosby East Bank Water Treatment Plant filters to maintain and improve capability and reliability of SEQ Water Grid	2022-23	\$6,268	\$34,948	Delivery	Board	Board approved
Mt Crosby Weir Bridge structure upgrade ¹²	A new vehicle bridge is being constructed to improve flood resilient access between East and West Bank, and upgrade safety to current standards	2022-23	\$567	\$22,660	Detailed business case	Board	Board approved
Western Corridor Recycled Water Scheme (WCRWS) mobilisation	WCRWS may be mobilised in accordance with Seqwater's Drought Response Plan ¹³	N/A	\$0	\$180,000 ¹⁴	Detailed business case	Responsible Minister	Board approved pending responsible Ministers' approval
Gold Coast Desalination Plant - Reverse Osmosis Membranes Replacement	Replace and refurbish membrane filters at the Gold Coast Desalination Plant	2021-22	\$6,637	\$16,086	Procurement	Board	Board approved

⁸ Figures are based on Board-approved 2020-21 Q0 forecast (August 2020) unless otherwise stated.

⁹ Project Status is in accordance with Queensland Treasury Project Assessment Framework stages.

¹⁰ Formerly reported as Beaudesert Water Supply Zone upgrade (South West Pipeline).

¹¹ As per the addendum to the detailed business case approved by the responsible Minister (March 2020).

¹² This project will not commence until a Heads of Agreement is reached with Brisbane City Council regarding ownership of the bridge post construction.

¹³ This project is dependent on the relevant drought trigger being reached.

¹⁴ The exact split of operational and capital expenditure is an accounting classification consideration, yet to be finalised. For completeness, the entire forecast project budget is reported.

Operational Plan 2020-21

Project	Details	Project expected completion	2020-21 budget (\$000)	Total project cost (\$000) ¹⁵	Project status ⁹	Investment approval level	Investment approval status
Somerset Dam upgrade	Upgrade to comply with dam safety regulations	2025-26	\$11,030	\$325,660 ¹⁵	Detailed business case	Responsible Minister	Board approved preliminary business case. Detailed business case in development
East Bank Substation upgrade to 11kV and enabling works	Upgrade of substation to 11kV and associated enabling works to increase flood resilience	2022-23	\$4,909	\$35,600	Procurement	Board	Board approved

Notes:

1. Notification of capital projects between \$10 million and \$40 million will be reported to the responsible Ministers through the Quarterly Performance Report following Board approval of a detailed business case.
2. Projects over \$10 million will be included in the Operational Plan and reported on through Quarterly Performance Reports following Board approval of a detailed business case or following commencement of engagement with Building Queensland, whichever occurs first.
3. Correspondence will be sent to the responsible Ministers seeking approval for capital projects of \$40 million or greater.
4. Seqwater will advise of projects nearing the \$10 million and \$40 million thresholds through quarterly reporting.
5. Seqwater will also comply with relevant Building Queensland requirements.

¹⁵ Total project cost is as per Board approved preliminary business case. This is subject to change through the development of the detailed business case with Building Queensland.

5. Outlook

5.1 Strategic Plan 2020-24



Strategic Plan 2020-21 - 2023-24

Our vision

Water for life

We are respected as a leading water authority.

By excelling locally and thinking globally, our knowledge and expertise is guiding water policy, and the use of technology in our industry.

We are a safe, inclusive workplace that supports diversity and opportunity. We invest in our people and empower them to make decisions and challenge the status quo.

We respect the traditional owners of the land, catchments and waterways on which we operate, and seek to continue their tradition of stewardship. By partnering with our communities, customers and government, we are helping shape liveable, healthy catchments and communities for generations to come.

Our promise

Safe for life

Our values

Integrity

Respect

Care

Courage

Our role

We source, store, treat and supply bulk water from catchments and climate-resilient sources to service 3.4 million people in South East Queensland.

We work in partnership with the region's retailer customers—Unitywater, Urban Utilities and the water businesses of Redland, Logan and Gold Coast councils—to provide a safe, affordable and reliable drinking water supply.

We also supply irrigation water to 1200 farmers and growers, manage dams that help mitigate the impact of flooding in the region, and provide park and lake recreation facilities visited by more than 2.5 million people each year.

Critical issues in achieving our vision

The issues and risks most critical to delivering on our strategic plan are:

- a growing population
- weather extremes and climate change
- providing value for our customers
- financial sustainability
- organisational culture and performance.

How we contribute to

Queensland Government objectives

Water is fundamental to a liveable region. Sustaining communities and underpinning our economy is a bulk water supply that is safe, affordable and reliable. We are committed to *water for life* and to working with our stakeholders, customers and communities to deliver this essential service in a way that aligns with community views and values.

Our investment in the South East Queensland Water Grid and other water infrastructure supports a strong economy and ensures water now and for future generations.

We are committed to protecting our drinking water supply catchments and collaborating with government, industry and our communities to improve catchment health.

Involving the people who live and work in the region in our planning is fundamental to shaping our shared water future. We regularly engage with our stakeholders, customers and communities to understand their needs and expectations. This planning contributes to the South East Queensland Regional Plan.

Where we want to be

South East Queensland's population continues to grow. By 2027-28, Seqwater will need to supply bulk water for four million people.

In pursuit of our vision and to meet the increased demand for water, we have set our destination:

Seqwater is ready and able to provide safe, affordable and reliable bulk water for four million South East Queenslanders.

With our destination in mind, we will safely deliver the right service, at the right time, to the right quality, at the right cost. It is important that South East Queenslanders value water, use water efficiently, and trust Seqwater to manage water wisely. We must have the plans in place and be ready to supply water for four million people. We are ready for growth challenges beyond four million.

Our strategic objectives

To ensure a balanced approach, we have set five strategic objectives and measures of success.

Strategic Objectives	Increase customer, community and stakeholder support and satisfaction	Increase water supply certainty	Strengthen financial sustainability	Improve processes, systems and planning	Improve safety and organisational culture
Objective description	Customers, community and stakeholders have distinct, yet overlapping interests in the supply of water. Their support and satisfaction are critical to how Seqwater delivers bulk water.	The ability to supply bulk water in all weather conditions and all climatic conditions, to a population expected to increase 25% in the foreseeable future.	Balance the competing needs of debt management, operating and capital costs, with affordability for customers and community.	Seqwater's operations deliver bulk water to the Australian Drinking Water Guidelines, evolving in efficiency and meeting regulatory compliance. Operations must be ready and able to respond to emergencies.	Organisational culture supports high performance for all strategic objectives. Employees and contractors for Seqwater, supplying the bulk water service, work in a healthy and safe environment.
Measures of success	<ul style="list-style-type: none"> Stakeholder and customer satisfaction Community water knowledge 	<ul style="list-style-type: none"> Supply reliability Development of Water Security Program version 3 	<ul style="list-style-type: none"> Opex and Capex spend to budget Debt management Prudent and efficient investment 	<ul style="list-style-type: none"> Drinking water quality performance Environmental performance Emergency readiness Regulatory compliance 	<ul style="list-style-type: none"> Work health and safety performance Organisational culture

5.2 Five-year financial outlook

5.2.1 Statement of comprehensive income^{16 17}

Table 5.2.1.1

	Financial year				
	2020-21	2021-22	2022-23	2023-24	2024-25
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Operating revenue					
Water services	1,052,128	1,105,088	1,163,600	1,228,146	1,290,236
Interest income	3,184	3,016	2,086	1,084	526
Other revenue	15,298	13,346	13,395	13,446	13,498
Total operating revenue	1,070,610	1,121,450	1,179,081	1,242,676	1,304,260
Operating expenses					
Employee expenses	108,037	115,689	117,995	121,652	125,424
Supplies and services	178,655	164,676	170,376	175,720	181,817
Total operating expenses	286,692	280,365	288,371	297,372	307,241
EBITDA	783,918	841,085	890,710	945,304	997,019
Depreciation and amortisation	270,994	276,749	280,024	284,403	289,375
Other asset revaluations, losses and write downs	0	0	0	0	0
EBIT	512,924	564,336	610,686	660,901	707,644
Finance/borrowing cost	454,287	443,009	411,692	382,594	355,338
Profit (loss) before income tax	58,637	121,327	198,994	278,307	352,306
Taxation (expense) benefit	(17,591)	(36,398)	(59,698)	(83,492)	(105,692)
Net profit (loss) after income tax	41,046	84,929	139,296	194,815	246,614

¹⁶ Rounding has been used in these calculations.

¹⁷ Dollar amounts are nominal values.

5.2.2 Statement of financial position^{18 19}

Table 5.2.2.1

	Financial year				
	2020-21	2021-22	2022-23	2023-24	2024-25
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Current assets					
Cash and cash equivalents	450,000	250,000	150,000	65,000	85,000
Trade and other receivables	169,674	178,772	164,859	174,168	183,121
Inventories	9,374	9,374	9,374	9,374	9,374
Other current assets	5,803	5,803	5,803	5,803	5,803
Total current assets	634,851	443,949	330,036	254,345	283,298
Non-current assets					
Property, plant and equipment	10,989,290	11,021,579	11,046,175	11,098,830	11,104,944
Other non-current assets	157,986	159,074	158,115	155,150	152,773
Total non-current assets	11,147,276	11,180,653	11,204,290	11,253,980	11,257,717
TOTAL ASSETS	11,782,127	11,624,602	11,534,326	11,508,325	11,541,015
Current liabilities					
Trade and other payables	45,137	42,805	44,704	45,660	46,160
Employee benefits	25,009	25,009	25,009	25,009	25,009
Interest payable	37,832	36,280	33,662	31,229	28,949
Interest bearing liabilities	0	0	0	0	0
Other current liabilities	14,780	14,729	14,573	14,308	13,929
Total current liabilities	122,758	118,823	117,948	116,206	114,047
Non-current liabilities					
Employee benefits	3,600	3,600	3,600	3,600	3,600
Interest bearing liabilities	9,384,583	9,121,484	8,844,960	8,554,324	8,248,857
Deferred tax liabilities	204,444	240,842	300,540	384,032	489,724
Other non-current liabilities	275,941	264,123	252,252	240,323	228,332
Total non-current liabilities	9,868,568	9,630,049	9,401,352	9,182,279	8,970,513
TOTAL LIABILITIES	9,991,326	9,748,872	9,519,300	9,298,485	9,084,560
NET ASSETS	1,790,801	1,875,730	2,015,026	2,209,840	2,456,455
Equity					
Contributed equity	(715,888)	(715,888)	(715,888)	(715,888)	(715,888)
Asset revaluation reserve	2,755,888	2,755,888	2,755,888	2,755,888	2,755,888
Accumulated profit (loss)	(249,199)	(164,270)	(24,974)	169,840	416,455
TOTAL EQUITY (DEFICIENCY)	1,790,801	1,875,730	2,015,026	2,209,840	2,456,455

¹⁸ Rounding has been used in these calculations.

¹⁹ Dollar amounts are nominal values.

5.2.3 Statement of cash flows^{20 21}

Table 5.2.3.1

	Financial year				
	2020-21	2021-22	2022-23	2023-24	2024-25
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Cash flow from operating activities					
<i>Inflows</i>					
Receipts from water services	1,029,635	1,095,990	1,177,512	1,218,838	1,281,283
Receipts from leases, rentals and other	6,117	1,964	2,013	2,064	2,116
Interest received	3,184	3,016	2,086	1,084	526
<i>Outflows</i>					
Payments to suppliers and employees	(273,827)	(282,749)	(286,626)	(296,677)	(307,114)
Interest paid	(452,809)	(444,281)	(414,054)	(384,798)	(357,418)
Net operating cash flows	312,300	373,940	480,931	540,511	619,393
Cash flow from investing activities					
<i>Inflows</i>					
Proceeds from sale plant and equipment	0	0	0	0	0
<i>Outflows</i>					
Payments for acquisition of property, plant and equipment	(175,611)	(310,127)	(303,661)	(334,098)	(293,117)
Net investing cash flows	(175,611)	(310,127)	(303,661)	(334,098)	(293,117)
Cash flow from financing activities					
<i>Inflows</i>					
QTC borrowings/capitalised interest	0	0	0	0	0
<i>Outflows</i>					
Lease payments	(686)	(715)	(746)	(777)	(809)
QTC borrowings – redemption	0	(263,098)	(276,524)	(290,636)	(305,467)
Net financing cash flows	(686)	(263,813)	(277,270)	(291,413)	(306,276)
Net increase (decrease) in cash held	136,003	(200,000)	(100,000)	(85,000)	20,000
Cash and cash equivalents at the beginning of the financial period	313,997	450,000	250,000	150,000	65,000
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	450,000	250,000	150,000	65,000	85,000

²⁰ Rounding has been used in these calculations.

²¹ Dollar amounts are nominal values.

5.2.4 Capital program^{22 23}

Table 5.2.4.1

	Financial year				
	2020-21	2021-22	2022-23	2023-24	2024-25
Asset group	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Infrastructure capital					
Natural	4,567	9,697	4,737	2,799	4,260
Water storage	74,147	128,035	179,506	248,767	118,503
Water treatment	48,134	66,074	81,025	85,905	132,930
Water transport	31,257	129,601	58,141	35,651	77,151
Purified recycled water	998	2,357	6,920	3,475	1,372
Irrigation	1,581	1,990	0	0	0
Recreation	420	3,214	3,040	3,060	854
Other infrastructure	5,479	20,180	24,164	15,508	9,448
Total infrastructure capital	166,583	361,148	357,533	395,165	344,518
Non-infrastructure capital					
Information communication and technology	4,048	10,445	9,339	8,686	9,213
Land compensation	1,948	0	0	0	0
Laboratory data systems	1,133	1,232	1,170	1,309	1,453
Fleet	804	2,166	1,759	1,760	1,759
Building	1,095	3,213	517	517	517
Total non-infrastructure capital	9,028	17,056	12,785	12,272	12,942
Efficiency Target²⁴	0	(68,077)	(66,657)	(73,339)	(64,343)
TOTAL CAPITAL EXPENDITURE	175,611	310,127	303,661	334,098	293,117

²² Rounding has been used in these calculations.

²³ Dollar amounts are nominal values.

²⁴ Efficiency target introduced by Management to support ongoing rigor, prioritisation and strengthen financial sustainability.

Attachment 1 – Employment and industrial relations plan

Employment and industrial relations approach

Seqwater is committed to being respected as a leading water authority and achieving our vision - Water for life.

To achieve this, we need to attract and retain a high performing, diverse workforce that has the right skills and capabilities to deliver operational and strategic initiatives now and in the future.

We recognise that having the right culture is critical to our success and by living our values – Integrity, Respect, Care and Courage – we aim to drive high performance and empower our people to deliver sound and innovative outcomes to help us continue to find a better way.

We are committed to providing employees with work environments and flexible work practices that optimise performance and capability and open, consultative and constructive approaches to employment and industrial relations that help us to be the best we can be.

Employment and industrial relations goals for 2020-21 are to:

- implement the Seqwater Enterprise Agreement 2019-2022
- focus on strengthened accountability to deliver clear and focused organisational objectives
- improve industrial relations capability across leaders and employees
- provide effective industrial relations governance (including systems, policies and processes) that enables and supports our business to deliver on key priorities
- develop an Industrial Relations strategy that enables effective business delivery through proactive industrial relations, a constructive workplace culture, and supporting a safe, engaged and highly skilled workforce
- optimise productivity through targeted leadership initiatives focused on improving performance and effective employee management.

Seqwater will continue to identify operating efficiencies and process improvements across all of our administration and operations activities to deliver value to South East Queensland communities.

Significant and emerging issues

Research has identified three common themes in emerging issues for management of our workforce, detailed in Table 1.1.

Table 1.1

Culture	<p>We recognise the relationship that culture has with performance, productivity, employee engagement, attraction, retention and safety. Seqwater's focus on culture will enable us to optimise our workforce, driving improved productivity and performance and strengthened accountability which in turn will help us to deliver on our operational and strategic outcomes.</p> <p>An optimal culture also supports our people to remain resilient during change, contribute to innovation and effectively manage disruptions. New technologies are providing us with new and different ways of working, enabling our people to develop new capabilities and will ultimately help us optimise operational and strategic performance through automation and simplification of processes, and enabling our people to make well informed decisions.</p>
Talent management	<p>Seqwater is committed to having the right people in the right place at the right time, with the right capabilities. Using effective workforce planning processes Seqwater will seek to better understand our current and future talent requirements which will help us move to more strategic sourcing and development approaches.</p> <p>Skill and capability development will remain a key focus for Seqwater as we remain committed to our already highly effective trainee, apprentice and graduate programs, as well as tailored retirement transition programs, to ensure continuity of core skills and capabilities and provide opportunities for knowledge exchange while our different generations work together.</p> <p>Effective talent management approaches will also be required as we face the challenges associated with managing a multi-generational workforce requiring a different employment experience.</p>
Different Ways of working	<p>Seqwater is adopting agile and flexible working practices to assist in maximising productivity, reducing safety risks and providing flexible outcomes to balance individual needs with operational requirements to ensure optimal delivery of performance and outcomes.</p>

Key issues for Seqwater and its workforce in 2020-21 include:

- targeted improvements in leadership capability
- instilling a customer service focus in our people
- delivering improved strategic workforce planning to identify and manage talent risks and exposures and providing the right people in the right roles at the right time, so that we can meet the changing demands of our business, customers and stakeholders
- embracing the diversity of our people and fostering an inclusive culture in which our people are empowered to be innovative and challenge the status quo
- providing safe workplaces where employees are treated with dignity and respect and where discrimination, harassment and bullying is not tolerated
- developing our people, providing them with the opportunity to continually learn and grow
- ensuring appropriate employment governance.

Employment and industrial relations plan

Employment conditions

Seqwater is committed to complying with the *Government Owned Corporations Wages Policy* and any other applicable State Government employment and industrial relations policies.

Seqwater engages employees under two employment arrangements:

- Common Law Contract – Fair Work Act 2009 and Water Industry Award 2020
- Seqwater Enterprise Agreement 2016-2019 (the Agreement).

The Agreement is a standalone agreement; however, it does reference the *Water Industry Award 2020* in relation to the pay conditions for trainees and apprentices.

Seqwater engages employees on a permanent or fixed term basis and as full time, part time or casual.

For employees engaged under the Agreement on the Administration (AO) and Professional (PO) stream and for common law contract employees, ordinary hours of duty are 38 hours per week. The ordinary spread of hours is from 6.00 am to 6.00 pm Monday to Friday. For employees engaged under the Agreement on the Operational (OO), Water (WO) and Trade (TO) streams, ordinary hours of work are an average of 38 hours per week to be worked on one of the following:

- 38 hours within a work cycle not exceeding 7 consecutive days
- 76 hours within a work cycle not exceeding 14 consecutive days
- 114 hours within a work cycle not exceeding 21 consecutive days
- 152 hours within a work cycle not exceeding 28 consecutive days.

Enterprise bargaining and productivity initiatives

Enterprise bargaining

Seqwater has and will continue to build and maintain effective working relationships with unions representatives. The current Agreement expired 30 June 2019 and a replacement Agreement is currently being negotiated.

Productivity initiatives

Seqwater will continue to comply with requirements to identify and achieve efficiencies, productivity and savings initiatives required under the *Government Owned Corporations Wages Policy*.

Management relationship with unions

Seqwater is committed to establishing and maintaining an open and effective relationship with employees and their industrial representatives with a focus on early engagement. Seqwater will continue to abide by the consultative provisions as outlined in the Agreement that applies to Seqwater employees.

Consultation

Seqwater will continue to consult with employees, principal unions, Queensland Treasury, Department of Regional Development, Manufacturing and Water and the Office of Industrial Relations (Queensland) on key employment and industrial relations matters.

Workforce direction

Seqwater recognises its workforce is ageing and will need to increase trainees, apprentices and graduates in coming year. Table 1.2 below does not currently reflect an increase focus in the recruitment of trainees, apprentices and graduates as workforce modelling has not been undertaken.

Table 1.2

	Full time equivalent positions			
	2020-21	2021-22	2022-23	2023-24
Employment category				
Directly employed workforce				
Permanent – full time	655.0	655.0	655.0	655.0
Permanent – part time	3.3	3.3	3.3	3.3
Total permanent positions	658.3	658.3	658.3	658.3
Temporary – full time	145.7	142.7	145.7	140.7
Temporary – part time	17.0	17.0	17.0	17.0
Apprentices	7.0	7.0	7.0	7.0
Trainees	23.0	23.0	23.0	23.0
Graduates	10.0	10.0	10.0	10.0
Total temporary positions	202.7	199.7	197.7	197.7
Total directly employed workforce positions	861.0	858.0	856.0	856.0
Indirectly employed workforce				
Apprentices	0	0	0	0
Trainees	0	0	0	0
Labour hire	4.0	4.0	4.0	4.0
Specialist contractors	8.2	8.2	8.2	8.2
Total indirectly employed workforce positions	12.0	12.0	12.0	12.0
TOTAL BUDGETED WORKFORCE²⁵	873.0	870.0	868.0	868.0

Of the 861 directly employed full time equivalent positions (FTEs) for 2020-21, 725.7 are under Seqwater's Enterprise Agreement 2016-2019 and 135.3 are common law contract positions.

²⁵ The above table represents the total workforce which are costed to both capital and operating expenditure.

Employee flexibility

Seqwater is committed to providing work policies and practices that promote and support employees to work flexibly.

Seqwater recently revised its accommodation strategy to focus on agile and activity-based working for our employees and our Enterprise Agreement provides employees with flexible working options so we can support our people to balance individual needs with operational requirements and to ensure optimal delivery of performance and outcomes.

Equal employment opportunity and anti-discrimination

Seqwater is committed to embracing the diversity of our people and fostering an inclusive culture in which our people are empowered to be innovative and challenge the status quo.

Our policies and procedures reflect this commitment ensuring that we provide a safe workplace where employees are treated with dignity and respect and where discrimination, harassment and bullying is not tolerated.

Interstate acquisitions or operations

Seqwater does not have any interstate acquisitions or operations.

Joint venture projects

Seqwater is not involved in any joint venture projects.

Superannuation

Seqwater employees can choose their own superannuation fund or join QSuper as the default fund.

Seqwater will contribute the Superannuation Guarantee Contribution currently set at 9.5% to all employee nominated superannuation funds.

Employees who join QSuper are entitled to benefits calculated in accordance with the governing rules of QSuper. In addition to employer contributions, employees may choose to contribute the minimum Superannuation Guarantee Contribution or to contribute to their superannuation. Employees can vary their superannuation contribution rate between 0% and 5%. The employer contribution rate is dependent on the rate of contribution the employee makes, as outlined in Table 1.3.

Table 1.3

Employee contribution	Employer contribution
0% of superannuable salary	9.5% of superannuable salary
2% of superannuable salary	9.75% of superannuable salary
3% of superannuable salary	10.75% of superannuable salary
4% of superannuable salary	11.75% of superannuable salary
5% of superannuable salary	12.75% of superannuable salary

The majority of employees who are members of QSuper have accumulation accounts. At 26 June 2020, 29 employees had defined benefit accounts. Defined benefits funds are not available to new employees. However, QSuper defined benefit members who join Seqwater are able to continue as defined benefit members.

Job security and redundancy provisions

Seqwater is committed to providing employment security in accordance with the provisions of the *Government Owned Corporations Wages Policy* and applicable Enterprise Agreement.

In the event that redundancies are offered Seqwater will comply with relevant contractual obligations, Enterprise Agreement provisions, Government policy and applicable legislation.

Board member and Executive remuneration arrangements

Board members

Table 1.4

Board members	Board fees ²⁶ (\$)	Committee fees ²⁶ (\$)	Superannuation ²⁸ (\$)	Total (\$)
Dr David Hamill AM, Chairman	100,000	13,500	10,783	124,283
Marita Corbett	45,000	12,500	5,463	62,963
Shane McGrath	45,000	8,000	5,035	58,035
Penny Tovey	45,000	9,000	5,130	59,130
Marina Vit	45,000	8,000	5,035	58,035

²⁶ Board and Committee fees are as at January 2020. No allowance for future increases has been taken into account as not known at this point in time.

Chief Executive Officer and senior executives

Table 1.5

Executive (As at 1 January 2020)	Base salary ²⁷ (\$)	Employer superannuation contributions ²⁸ (\$)	Total fixed remuneration (\$)	Performance payment made ²⁹ (\$)
Neil Brennan, Chief Executive Officer	470,775	20,745	491,520	38,160
William Harpham, Company Secretary and General Counsel	247,679	23,530	271,209	14,800
Stuart Cassie, Chief Operating Officer	398,453	37,853	436,306	0
Barbara van Heerden, General Manager Major Projects	321,895	41,041	362,937	0
Melissa Williams, General Manager, People, Culture and Safety	313,950	33,750	347,700	0
Lee Bruce, General Manager Corporate Services	341,463	43,537	385,000	0
Bruce Linaker, General Manager Digital, Technology and Information	317,534	30,166	347,700	0
Ross Muir, General Manager Customer, Strategy and Planning	381,025	36,197	417,222	19,200

Work health and safety

Seqwater's Safe for life promise reflects our commitment to protecting the health and wellbeing of everybody who works for and on our behalf, keeping them free from physical and psychological injury.

We will achieve this by:

- identifying, assessing and controlling our risks through the application of simple and effective systems and eliminate workplace hazards wherever possible
- fostering a safety culture in which our people are accountable for their own safety and empowered to constructively challenge our safety systems and performance at all levels
- changing the relationship with health, safety and wellbeing from one which is compliance driven to one which supports risk-based decision making and the application of our values - Integrity, Respect, Care and Courage - in our people's approach to safety in their everyday work
- communicating and consulting with our people and stakeholders to enhance our Health, Wellbeing and Safety systems
- applying organisational and industry learnings to support continued best practice
- complying with legal and other requirements and actively promote and support proactive safety leadership.

²⁷ Remuneration calculated based on annualised earnings as at 1 January 2020. No allowance for future salary increases has been taken into account as future increases are not guaranteed or known at this point in time.

²⁸ Employer superannuation payments do not include salary sacrificed amounts; these are recorded in base salary/Board fee.

²⁹ This is the actual payment made in 2019-20 relating to performance in 2018-19. Total bonus is inclusive of superannuation.

Seqwater has a three-year strategy, which identifies initiatives to achieve our Safe for life promise. In 2020-21 Seqwater has identified six focus areas:

- leadership capability
- site ownership and accountability
- simple risk assessment processes
- health and wellbeing
- critical control management
- WHS contractor management.

Seqwater maintains a Work Health and Safety Management System that is certified to AS/NZS 4801 and will be next audited in July 2020.

Contracting

Seqwater engages contractors to undertake projects where a level of expertise is required that is not otherwise available within Seqwater and to alleviate short-term employee shortages. Where Seqwater engages the services of a contractor, the contractor will comply with Seqwater's Terms of Business and supply all necessary documentation on provision of superannuation, insurances and workers' compensation. Emphasis is placed on contractors abiding by Seqwater policies and procedures, including *The way we work* and safety matters.

Seqwater expects the contractor to also abide by all relevant industrial relations and regulatory compliance obligations and may request information from time to time, to ensure these obligations are discharged.

Attachment 2 – Sponsorship, advertising, corporate entertainment and donations

Table 2.1

		2020-21 budget				
		Q1	Q2	Q3	Q4	Full year
Project	Benefit	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Sponsorship						
Bunya to the Bay Ambassadors	a.	0	0	15.0	15.0	30.0
Brisbane Exhibition (Ekka) – Ekka Online	b.	30.0	0	0	0	30.0
Noosa Festival of Water	c.	0	0	0	5.0	5.0
World Science Festival – Force Majeure Fee	b.	45.0	0	0	0	45.0
The Queensland Beer Awards.	d.	0	70.0	0	0	70.0
WaterAid	e.	11.0	0	0	0	11.0
Total over \$5,000		86.0	70.0	15.0	20.0	191.0
Other (total) below \$5,000		0	0	0	5.0	5.0
TOTAL		86.0	70.0	15.0	25.0	196.0
Advertising						
Public education - <i>Play it safe</i> campaign	f.	0	90.0	100.0	0	190.0
WaterFuture Program (excluding Drought Response campaign advertising)	b.	70.0	100.0	40.0	40.0	250.0
Dam release notification service	g.	0	23.0	0	0	23.0
Total over \$5,000		70.0	213.0	140.0	40.0	463.0
Other (total) below \$5,000	h.	2.5	2.5	0	0	5.0
TOTAL		72.5	215.5	140.0	40.0	468.0
Corporate entertainment						
Total over \$5,000		0	0	0	0	0
Other (total) below \$5,000		1.0	1.0	1.0	1.0	4.0
TOTAL		1.0	1.0	1.0	1.0	4.0
Donations						
Total over \$5,000		0	0	0	0	0
Other (total) below \$5,000		0	0	0	0	0
TOTAL		0	0	0	0	0

Table 2.1 lists budgeted sponsorships as at July 2020. Sponsorship opportunities that arise during the financial year are assessed on a case-by-case basis against business strategy for alignment and benefit. Expenditure against any additional approved sponsorships is reported to the responsible Ministers in the quarterly performance report.

Benefit notes:

- a. Bunya to Bay is an immersive education program over 20 days developed by Stanley River Environmental Education Centre. Since 2006, Seqwater has provided both financial and in-kind support to this event. The biannual program, written for secondary state school students from years 10–12, has been designed to connect students to the traditional owners that span the Brisbane River, enhance their careers in land management or outdoor recreation and generate curiosity in sustainability and environmental science. This program aligns with Seqwater's education and community partnership initiatives under the Water Future program.
- b. The Water Future program of initiatives, activities and actions will contribute to achieving Seqwater's *Water for Life* vision by building a water wise community. Water Future is a sustainable, long-term program of informing, educating, engaging and working with South East Queenslanders to explore how water is managed now, its value to a liveable and healthy region and the choices we need to make to have a sustainable water future. This includes a public education campaign on the 'realities of rain' which includes advertising. Supporting the 'realities of rain' campaign and the Water Future program is a greater presence by Seqwater at the annual Brisbane Exhibition (Ekka) which enables significant awareness, engagement and education on water management to Ekka visitors over 10 days. Due to COVID-19 impacts there is a smaller 'online Ekka' this year that Seqwater will be involved in. Also due to the cancellation of the World Science Festival, Seqwater may need to pay a force majeure fee associated with the sponsorship agreement. This is subject to Seqwater legal review.
- c. Seqwater will provide financial support to the annual Noosa Festival of Water as part of the Lake Macdonald Dam upgrade project as a key event to engage the local community.
- d. Seqwater supported the first Queensland Beer Awards in 2019 with an Australian first involving 12 SEQ breweries given the opportunity to brew beers using desalinated water from the Gold Coast Desalination Plant. The 2020 Beer Awards sponsorship involved working with RNA to grow the competition to include a public event targeting 2,000 attendees at the end of the Awards judging. Beer competitions/brewing was a successful tactic in the United States using purified recycled water and therefore will continue in 2021 to be a tactic to engage with South East Queenslanders on climate-resilient water source options. The RNA's Queensland Beer Awards also align with the Craft Brewing Strategy under the Advance Queensland Strategy.
- e. Seqwater will provide financial support to a range of water industry events, such as the Australian Water Association's QWater Conference, the Water Industry Operators Association of Australia Awards, the Australian National Committee on Large Dams forums and conferences, and WaterAid Australia events. These events provide learning and development opportunities for employees to recognise outstanding achievement in the water industry and enable the Australian water industry to support improvements in water and sanitation in developing countries.
- f. The *Play it safe* public education campaign will promote visitor safety at Seqwater dams and recreation assets. Research shows many people do not have the same level of awareness about safety around lakes as they do in pools or at the beach. More than a third of all drowning deaths (35%) in Australia are on inland waterways—rivers, creeks and dams; that is more than beaches and pools combined (31%). Public education includes radio, online and outdoor advertising to remind the more than 2.5 million people who visit Seqwater's lakes, dams and parks each year to plan ahead and follow safety rules.
- g. The dam release notification service public education campaign will encourage the community to register for Seqwater's dam release notification service to be advised when gated dams are releasing water and un-gated dams are spilling. This advertising to raise public awareness of the service supports the recommendations from the 2015 Inspector-General of Emergency Management's dam communication review.

- h. Other advertising includes public notices to advise the community of our events.

Definitions:

Table 2.2

Term	Definition
Sponsorship	The association of Seqwater's name with a sponsored organisation's service, product or activity, in return for negotiated and specific benefits.
Advertising	Messages paid for by Seqwater intended to educate or inform the people who receive them (excludes recruitment advertising).
Corporate entertainment	Seqwater hospitality offered to corporate customers, key stakeholders and interest groups.
Donations	A voluntary transfer of money or property by Seqwater that the organisation receives no material benefit or advantage for. Seqwater does not make monetary donations.

Attachment 3 – Impact of drought

While South East Queensland received good rainfall in February 2020, taking the SEQ Water Grid storage levels above 60%, Seqwater will continue to operate in drought preparedness mode until it is certain that dam levels have recovered sufficiently and will continue to do so. Current Bureau of Meteorology forecast indicates warmer and drier conditions for South East Queensland.

Major expenditure items, not included in the budget, that may be required during 2020-21 if storage levels decline below 60%, include:

- remobilising of the Western Corridor Recycled Water Scheme
- operation of the Gold Coast Desalination Plant at up to 100% capacity.

In addition, it may trigger the commencement of additional projects, bring forward existing projects within the Asset Portfolio Master Plan and additional operational or asset renewal expenditure. Revenue impacts may be incurred as water conservation and efficient water-use messaging reduces water demand.

The costs that may be incurred in response to drought will depend on how the drought evolves and when response triggers are reached. This will be highly dependent on the dispersion of rainfall and the water consumption behaviours of communities. The drought response will have a financial impact, which is uncertain and may be significant. Seqwater will seek to recover costs through a review event in the next price review, using the existing review event mechanisms from the 2018 Queensland Competition Authority bulk water pricing review. Cost impacts may escalate and continue into subsequent financial years depending on the severity and duration of a drought.

Seqwater will provide timely advice to its responsible Ministers regarding the timing of any drought response, impacts on retailer customers, water consumers and for Seqwater. In particular, Seqwater will amend and provide responsible Ministers advice regarding:

- bulk water supply system operating procedures
- potential changes to the Seqwater capital expenditure profile.