

Seqwater Annual Report 2022-23

31 August 2023

The Honourable Cameron Dick MP
Treasurer and Minister for
Trade and Investment
GPO Box 611
BRISBANE QLD 4001

The Honourable Glenn Butcher MP
Minister for Regional Development
and Manufacturing and Minister for Water
PO Box 15009
CITY EAST QLD 4002

Dear Ministers

I am pleased to submit for presentation to the Parliament the Annual Report 2022-23 and financial statements for the Queensland Bulk Water Supply Authority, trading as Seqwater.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2019*, and
- the detailed requirements set out in the Annual report requirements for Queensland Government agencies.

A checklist outlining the annual reporting requirements is provided at page 76 of this annual report.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D Hamill', written in a cursive style.

The Hon. Dr David Hamill AM
Chairperson

About this report

This report records Seqwater's achievements in 2022-23. Performance is measured against the objectives and targets established in the Strategic Plan 2022-26 and Operational Plan 2022-23 and details financial performance for the year. This report is to be read in conjunction with Seqwater's Corporate Governance Statement 2022-23.

This report has been produced in accordance with the standards detailed in the following Queensland legislation and Government guidelines:

- *Financial Accountability Act 2009*
- *Financial and Performance Management Standard 2019*
- *South East Queensland Water (Restructuring) Act 2007*
- *Annual report requirements for Queensland Government agencies (2022-23 reporting period)*
- *Corporate Governance Guidelines for Government Owned Corporations, Version 2.0 (Queensland Treasury: February 2009).*

This report and Seqwater's Corporate Governance Statement 2022-23 are available on Seqwater's website www.seqwater.com.au.

A printed copy of the report is available on request.

Translation and interpreting assistance

Seqwater is committed to providing accessible services to people from all culturally and linguistically diverse backgrounds.

If you have difficulty understanding this annual report, please contact Seqwater to arrange an interpreter to share the report with you.

Contact information

Telephone: 1300 737 928

Email: communications@seqwater.com.au

Website: www.seqwater.com.au



Acknowledging the first Australians

Seqwater acknowledges the Traditional Custodians of the land, catchments and waterways on which we live, work and dream. We pay our respects to Elders past and present.

Contents

Letter from the Chairperson	1	Industrial relations and remuneration practices review	16
About this report	2	Governance	16
About Seqwater	4	Corporate governance	16
Strategic context.....	4	Management and structure	17
Commitment to Queensland Government objectives	4	Organisational Structure	17
Seqwater’s role	5	Responsible Ministers	18
Chief Executive Officer report	6	Seqwater Board.....	18
Performance	8	Government bodies reporting summary	18
Key performance indicators	8	Board member profiles	19
Financial performance.....	8	Performance evaluation	21
Non-financial performance	8	Standing committees of the Board	21
Delivering on strategy	10	Executive Management.....	22
Increase customer, community and stakeholder support and satisfaction	10	Performance evaluation	23
Community Awareness	10	Executive committees	23
Customer centricity	10	Public sector ethics	24
Increase water supply certainty	10	Human rights	24
Water Security Planning.....	10	Risk management and accountability.....	24
Water Security Investment Program	11	Risk management	24
Dam Improvement Program	11	Climate related risk.....	24
Strengthen financial sustainability	12	Internal audit.....	25
Bulk water price path review	12	External scrutiny	25
Capital program	12	Information systems and record keeping ..	25
Sustainability and Environmental, Social and Governance (ESG).....	12	Human resources governance	25
Improve processes, systems and planning ...	13	Workforce profile	25
Contemporary capital planning and delivery	13	Open Data	26
Asset information and management.....	13	Corporate entertainment	26
Enterprise resource planning and capability	13	Overseas travel	26
Emergency management	14	Consultancies.....	26
Cyber security	14	Government directions	26
Improve safety and organisational culture	14	Audited Financials	27
Health, safety and wellbeing	14	Annual report requirements for Queensland Government agencies compliance checklist..	76
Organisational culture	15	Glossary	79
Inclusion and diversity.....	15		

About Seqwater

Strategic context

Our vision

Water for Life – an innovative leader, delivering our most precious resource for generations to come.

Our purpose

To provide a safe, sustainable and valued water supply on behalf of the South East Queensland community.

Our *Safe for life* promise

Reflects our commitment to keeping ourselves, each other and our communities healthy, safe and well at work and at home.

Our values

- 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, our communities and our environment
- Courage – speak up, find better ways, lead by example.

Commitment to Queensland Government objectives

Water is fundamental to public health. A secure bulk water supply that is safe, affordable and reliable, sustains communities and underpins future prosperity in the region. Seqwater is committed to working with its stakeholders to deliver this essential service in a way that aligns with community views and values.

Understanding the impact of extreme weather conditions, as well as economic and other challenges facing South East Queensland, Seqwater focuses on the critical role it plays in the region's water management system, providing security and resilience of its bulk water supply, and safeguarding the health of South East Queenslanders. South East Queensland's (SEQ) bulk water resources and ongoing infrastructure are key foundations and enablers for regional growth and economic development. Investment in the SEQ Water Grid and other water infrastructure is required to support dam safety programs and build resilience by securing sustainable sources of water now and for future generations.

Seqwater carries out its responsibility for water security through planning and making the best use of all its bulk water assets, including its dams, the SEQ Water Grid, the Gold Coast Desalination Plant and the Western Corridor Recycled Water Scheme. Seqwater's approach to major investments and

asset upgrades will support the region's economy and employment opportunities through its demand for a skilled and talented workforce. Seqwater invests in its workforce and provides pathways for apprentices and graduates to grow their skills in an innovative environment. Seqwater's procurement policy and procedures embrace the principles of the Queensland Procurement Policy and provide a fair and reasonable opportunity for Queensland suppliers, including local suppliers and small to medium enterprises.

Seqwater is committed to engaging and collaborating with government, industry, customers and its communities to protect and improve South East Queensland's drinking water supply catchments and uphold a positive culture of environmental responsibility and recognition of cultural heritage and values. Seqwater recognises that climate change is a significant challenge for long-term water security and recognises the importance of understanding and responding to its stakeholders' expectations. Seqwater is committed to aligning Sustainability and Environmental, Social, and Governance (ESG) responses to Queensland's whole-of-government approach, reflected in the Queensland Sustainability Report 2022.

Seqwater respects, protects and promotes human rights in its decision-making and actions.

Seqwater's role

Seqwater is proud to deliver safe, reliable and cost-effective bulk water supply for more than 3.6 million people across South East Queensland. It provides essential flood mitigation services, manages catchment health, offers community recreation facilities and supplies water to irrigators and industry.

Its operations extend from the New South Wales border and north to Gympie, west to the base of the Toowoomba ranges. Wivenhoe Dam is connected by pipeline to Cressbrook Dam near Toowoomba, and further west to Warwick by a planned pipeline. As the region's bulk water supply authority, Seqwater is focused on supplying drinking water both now and into the future to provide continued water security to the region's growing population.

A critical part of the urban water supply chain, Seqwater sources, stores, treats and supplies bulk water to its five retailer customers: Unitywater, Urban Utilities and the water businesses of the Logan, Redland and Gold Coast councils, who in turn deliver drinking water to residences and businesses through their distribution networks across the region. Seqwater works with its retailer customers to achieve the best whole-of-system solutions.

On behalf of its communities, Seqwater manages \$11 billion of water infrastructure assets, including dams, weirs, reservoirs, pumps and pipelines, conventional water treatment plants, as well as

climate independent water sources such as the Gold Coast Desalination Plant and the Western Corridor Recycled Water Scheme. Seqwater manages and operates the SEQ Water Grid, a two-way network of bulk water supply pipelines stretching more than 600 kilometres, which connects many of these water supply assets. This enables Seqwater to move treated drinking water around the region in either direction when needed, from the Sunshine Coast to Greater Brisbane, to Redlands and south to the Gold Coast.

Seqwater also has arrangements in place to supply water to Toowoomba Regional Council, and power stations operated by Stanwell Corporation and CleanCo.

In addition to urban bulk water supply, Seqwater also supplies water to Gympie Regional Council, around 1,200 irrigation and other customers in seven water supply schemes, supporting communities, agriculture and other industries. Diverse recreation opportunities are provided on many of Seqwater's water storages and surrounding land. Established by the Queensland Government under the *South East Queensland Water (Restructuring) Act 2007*, Seqwater is a statutory body for the purposes of the *Financial Accountability Act 2009* and the *Statutory Bodies Financial Arrangements Act 1982*. Seqwater complies with the Bulk Water Supply Code and Bulk Water Supply Agreements.

Chief Executive Officer report

Throughout 2022-23 we continued to manage and maintain our water supply assets that deliver bulk water and flood mitigation services to the South East Queensland region, producing 319,579 ML of treated water for our retailer customers, 4.9% more than in 2021-22.

We also supplied 5,536 ML of water to power stations during the year, including 5,308 ML of purified recycled water to the Swanbank and Tarong power stations from the Western Corridor Recycled Water Scheme (a 95% increase on the volume supplied to power stations in 2021-22). Due to favourable weather conditions there was no water supplied to Toowoomba Regional Council in 2022-23.

Our Gold Coast Desalination Plant supplied 7,240 ML of water in 2022-23, supporting SEQ Water Grid operations.

A further 28,784 ML of raw water was supplied to our irrigator customers under their individual water entitlements. Announced allocations to our irrigation customers were at 100%.

We acknowledge the contributions of our people who play an essential role in assisting us to provide safe and reliable drinking water to the communities that we serve. We remain committed to driving a high-performance culture that is customer centric and inclusive and enables our people to be the best they can be. Cultural transformation is a long-term journey and I am pleased to see the progress achieved.

The health and safety of our people is our priority. We measure our safety performance using a suite of lead, lag and cultural indicators. Whilst it is disappointing that we did not meet our target Lost Time Injury Frequency Rate (LTIFR) I am pleased to see that we have retained a sustainable safety culture and a High Potential Injury Frequency Rate that remains best in Industry.

Seqwater's approach to Sustainability and Environmental, Social and Governance (ESG) issues is targeted towards potential opportunities to transition asset management and operations to a sustainable future and aligns with the Queensland Government's position reflected in the Queensland Sustainability Report 2022.

In July 2022, we were proud to launch our Reflect Reconciliation Action Plan (RAP) which provides strategic direction on how our people can contribute to the national reconciliation movement between Aboriginal and Torres Strait Islander peoples and non-Indigenous Australians on the lands on which we work and live. Launching Seqwater's RAP cements our commitment to Traditional Owners and to the national reconciliation movement.

In June 2022, the Queensland Government announced that Seqwater would deliver the Toowoomba to Warwick Pipeline. This project forms part of the Queensland Government's more than \$300 million funding for the Toowoomba to Warwick Pipeline project, to deliver permanent supply to four communities in Toowoomba and drought contingency supply to Warwick and surrounding communities.

We invested in infrastructure such as the Mount Crosby water treatment plant, our largest water treatment facility. Major works included: reopening the Weir Bridge following extensive repairs due to damage caused by the February 2022 flood event; commencing construction of a new two-lane Mount Crosby vehicle bridge which will provide greater flood resilience and increased capacity; and progressing, as part of the master plan for the Mount Crosby East Bank, a new electrical substation on higher ground to improve the flood resiliency of the electrical supply.

We also progressed repairs to damaged infrastructure in flood-affected irrigation schemes including the Central and Lower Lockyer Valley. We welcomed approximately 2.5 million visitors to our recreation facilities in 2022-23.

With interim lower full supply levels in place at some dams, the maximum water supply storage across the SEQ Water Grid combined storages is 88%. From 1 July 2022 the SEQ Water Grid combined storage level had dropped by 13% to 74% (30 June 2023).

In July 2022, flood events were declared at North Pine, Wivenhoe and Somerset dams. These flood events were small compared to historical flood events. On 14 October 2022, the Minister for Regional Development and Manufacturing

and Minister for Water declared a temporary full supply level for Wivenhoe Dam of 64.6 metres AHD (80%), to provide additional flood mitigation storage capacity ahead of the 2022-23 wet season. Between 21 and 23 October 2022, the Flood Operations Centre moved from the drain down strategy to the flood mitigation strategy to manage inflows from a significant rainfall event.

We are particularly proud to showcase our partnership with CSIRO which promoted the release of the innovative biological control, the Cabomba Weevil, into Lake Kurwongbah in a world-first. After 20 years of research, the weevils were introduced to the lake to combat the invasive and fast-spreading Cabomba weed. We will introduce the weevil to more of our lakes in coming years.

In 2022-23, we have continued to implement improvements to our business and deliver investment to provide water supply certainty for the region to meet the expectations of our stakeholders, focusing on our strategic objectives on behalf of the community we serve.

Performance

Key performance indicators

Financial performance

The 2022-23 budget was prepared based on 'known fair weather' conditions. Revenues were below budget due to lower than forecast demand for water. Operating expenditure was above budget due to increased costs; the change in operation of the system in response to dirty water resulting

from heavy rains; and rectification of all staff underpayments in accordance with the Enforceable Undertaking entered into with the Fair Work Ombudsman.

Capital expenditure was largely in line with budget.

Table 1 – Financial Performance

Financial performance		
KPI	Budget	Actual
Operating revenue \$000	1,190,673	1,110,486
Operating expenditure \$000	300,722	340,673
Depreciation and amortisation \$000	269,092	265,077
EBIT \$000	620,859	506,996
Net profit after tax (NPAT) \$000	141,687	57,916
Cash and cash equivalents \$000	325,000	229,562
Total current assets \$000	505,902	411,429
Capital expenditure \$000	171,121	174,287
Debt to equity ratio	4.96	5.70
FFO Interest coverage	1.48	1.21
Current ratio	1.26	0.99

Non-financial performance

In Seqwater's Operational Plan 2022-23 a new suite of non-financial performance metrics were adopted. These metrics reflect the importance of high-level stakeholder sentiment in assessing enterprise performance with the intention of driving focus on performance issues across all aspects of business operations and communication.

Targets were set based on historic performance with the aim of gradual improvement.

Survey results have indicated a decline in Retail, Irrigation and Commercial Customer sentiment. Seqwater is examining the results to identify areas for improvement.

A shareholder survey indicates a slight decline in shareholder sentiment.

Seqwater is also seeking to achieve a high-performance culture, measured using contemporary culture assessment tools. Performance in the year has seen improvement across all cultural styles.

Table 2 – Non-Financial Performance

Non-financial performance		
KPI	Target	Actual
Community trust	≥7	7.2
Shareholder satisfaction	Very good	Good
Irrigator customer net promoter score ¹	15 ²	6
Retail customer net promoter score ²	1 ³	-21
Power station customer net promoter score ²	5 ³	-50
Organisational culture	≥5 defensive styles ≤ 50th percentile in the Organisational Culture Index ⁴	4 defensive styles < 50th percentile, 51% on 5th style 12/12 styles have improved since 2021

Bulk water demand for the 2022-23 period was less than the initial projection, with a decline of 7.4% compared to the demand forecast by the retailer

customers. Seqwater maintained water supply reliability, with no supply interruptions (caused by Seqwater’s performance) to the end customer.

Table 3 – Operational Performance

Operational performance		
KPI	Target	Actual
Forecast water production – (retailer customer demand only) (ML)	345,222	319,579
Lost time injury frequency rate ⁵	<3.5	4.2
Supply interruptions to the end customer	0 interruptions to end customer > 5 hours	0
Zones compliant with Australian Drinking Water Guidelines	100%	100%

1 Net promoter score is a metric for customer experience with the organisation through a survey response to a single question.

2 In the operational plan the target was expressed as a ≥ 5 point improvement on 2021-22 results.

3 Organisational defensive styles as defined using the Organisational Culture Inventory methodology (below).

4 The Organisational Culture Inventory is an internationally recognised methodology that surveys employees for behaviours expected or required to succeed.

5 Seqwater’s target for injuries of any type is always zero with an upper maximum LTIFR of ≤3.5 for 2022-23.

Delivering on strategy

The five objectives that form the core of Seqwater's strategy are outlined in Seqwater's Strategic Plan 2022-26. They are:

- increase customer, community and stakeholder satisfaction and support
- increase water supply certainty

- strengthen financial sustainability
- improve processes, systems and planning
- improve safety and organisational culture.

Seqwater's undertakings and opportunities in its Operational Plan 2022-23 contribute to attaining those objectives, and progress is set out below.

Increase customer, community and stakeholder support and satisfaction

Community Awareness

Throughout 2022-23 Seqwater continued to inform, engage and collaborate with the community on topics of interest including how Seqwater's gated dams work, its capital works program, innovative research projects and diverse recreation opportunities. Communications and engagement were tailored to the operational circumstances. Key priorities were promoting safe behaviour at recreation sites and informing the community of dam

operations in response to wet weather events.

In 2022-23, Seqwater:

- completed the 2022 community water attitudes and insights survey
- rolled out its annual *Play it safe* community campaign in December 2022
- undertook the stakeholder sentiment survey.

Customer centricity

In 2022-23, Seqwater continued to work towards improving customer centricity. Seqwater:

- developed its first Customer Experience Roadmap, setting out initiatives aimed at improving Seqwater's customer centricity
- worked with its retailer customers to implement key initiatives to support desired water quality service standards

- developed flow and continuity service standards for retailer customers
- conducted annual irrigation forums and supported customer reference groups for most water supply schemes
- consulted with its irrigation customers on the Queensland Competition Authority irrigation price review.

Increase water supply certainty

Water Security Planning

Seqwater's Water Security Program sets out its plan to ensure South East Queensland communities have access to a safe, secure and valued water supply now, and for future generations. It considers

projected water demand from industry and the community over the next 30 years, and maps out the infrastructure necessary to address it.

The Water Security Program considers not only water demand but also projected rainfall, climate change impacts, and other factors impacting supply, so planning ensures water supplies are adequate to meet demand and that Seqwater optimises use of

its existing water supply. Seqwater regularly reviews its Water Security Program to take into account updated water demand forecasts, as well as revised assessments of the impacts of climate change on the availability of water.

Water Security Investment Program

Seqwater ensures a sufficient water supply by optimising existing infrastructure, constructing new infrastructure when needed, and promoting responsible water usage.

Seqwater is continuing to find new and better ways to get the most out of the SEQ Water Grid, as well as looking at enhancements that will augment supply and cater for future demand growth and maintain desired long-term level of service objectives for South East Queensland.

Climate-resilient assets such as the Western Corridor Recycled Water Scheme and Gold Coast Desalination Plant continue to enhance water security and enable Seqwater to achieve Queensland Government's desired level of service objectives for South East Queensland.

Over the year, Seqwater has invested in improvements to infrastructure such as pipelines, pump stations and treatment plants to better manage peaks in demand which occur during hot, dry weather.

Seqwater is currently delivering the Beaudesert Water Supply Upgrade which includes a 27km South West Pipeline and water transfer station to improve the long-term water security for the Scenic Rim region and make it easier to move water around the SEQ Water Grid during periods of peak demand.

Seqwater is committed to effectively managing risks and seizing opportunities related to maintaining water security. Planning efforts will continue to align with the evolving needs of South East Queensland, both in the present and the future.

Dam Improvement Program

Seqwater is currently undertaking its Dam Improvement Program to deliver infrastructure upgrades at a number of dams to ensure ongoing safety and security of bulk water supply well into the future. The Dam Improvement Program will also explore essential flood mitigation services and management of catchment health, in line with Queensland Government expectations. This program of work, in line with Queensland Dam Safety Regulations, is required to be completed by 1 October 2035.

Since 2008, Seqwater has delivered 13 upgrades, including Leslie Harrison Dam at Capalaba, Sideling Creek Dam north of Brisbane and Ewen Maddock Dam on the Sunshine Coast.

Planning work is underway for upgrades at Somerset, Wivenhoe, North Pine and Lake Macdonald dams. Seqwater will provide further information about the timing and any impacts as planning progresses.

While the Dam Improvement Program is underway, Wivenhoe, Somerset and North Pine dams are operating at lower full supply levels to improve dam safety by lessening potential peak lake levels during flood events. The temporary changes mean Wivenhoe Dam storage is being kept below 90% full supply level, Somerset Dam below 80% full supply level, and North Pine below 68% full supply level.

This is an industry-accepted practice to manage dam safety and demonstrates Seqwater's commitment to the ongoing safety of its infrastructure.

Safety is the priority, and Seqwater continues to ensure dams comply with the latest safety standards and function safely during extreme weather events in line with regulatory requirements.

Strengthen financial sustainability

The lower demand for bulk water in 2022-23, as detailed in non-financial performance above, directly impacts Seqwater's revenue due to Seqwater's 100% usage-based bulk water charges. In addition

to Seqwater's fixed operating costs other expenses have increased, which has negatively impacted the forecast financial outcomes for 2022-23, however year on year performance has improved.

Table 4 – Comparison of actuals 2021-22 to 2022-23

Operational performance	2021-22 Actual (\$000)	2022-23 Actual (\$000)
EBIT	466,222	506,996
NPAT	13,322	57,916
Return on equity	0.83%	3.71%
Return on assets	0.12%	0.52

Bulk water price path review

Seqwater is a declared monopoly service under the *Queensland Competition Authority Act 1997*. Seqwater's prices are set by the Queensland Government, following a price review by the Queensland Competition Authority. In 2021-22, the Queensland Competition Authority conducted its bulk water price review and issued

its final report in April 2022. The Government accepted the Queensland Competition Authority recommendations to set bulk water prices for the period 1 July 2022 to 30 June 2026. Bulk water prices will increase, on average, by 2.14% year-on-year.

Capital program

Capital program highlights include:

- ongoing construction of the South West Pipeline project
- progressed construction of the new Mount Crosby Vehicle Bridge site preparation works at the new Mount Crosby East Bank Substation were completed, allowing Energex mobilisation to site in April 2023 to build and manage the new electrical substation
- completed tender process for the early contractor involvement phase of the Mount Crosby East Bank critical electrical infrastructure upgrade
- continued design and planning for Mount Crosby West Bank Water Treatment Plant Centrifuge
- continued investigation and design works for the Toowoomba to Warwick Pipeline as part of the pre-construction phase
- continued design and planning in support of the detailed business case for the Somerset Dam upgrade project
- continued planning work for the Wivenhoe, North Pine and Lake Macdonald dams.

Sustainability and Environmental, Social and Governance (ESG)

Seqwater's approach to Sustainability and Environmental, Social and Governance (ESG) issues is targeted towards potential opportunities to transition asset management and operations to a sustainable future and aligns with the Queensland Government's position reflected in the Queensland

Sustainability Report 2022.

Going forward, Seqwater's investments in projects and initiatives will incorporate consideration of how Seqwater sources and consumes energy within its operations, as well as across its energy-related value chain.

South East Queensland's long-term water security will be affected by climate change in some way, and Seqwater will need to make appropriate investments to manage water security for a growing population. In order to build and maintain social licence for such investments, it is important that Seqwater also contributes to the reduction in global emissions

consistent with the State Government's announced targets and commitments, including those under the *Queensland Energy and Jobs Plan*.

Further details on Sustainability and ESG can be found in Seqwater's Corporate Governance Statement.

Improve processes, systems and planning

Seqwater's strategy is supported by an ongoing commitment to the following key enablers.

Contemporary capital planning and delivery

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.

In 2022-23, Seqwater:

- developed a capital investment lifecycle framework

- updated and improved the annual capital portfolio planning processes
- commenced a project delivery approach aligned to the capital investment lifecycle framework
- commenced a capital delivery improvement program to strengthen delivery capability in line with the forward program of work.

Asset information and management

Seqwater's asset management planning and condition monitoring program routinely reviews, identifies and treats risks to the asset base.

In 2022-23, Seqwater:

- developed a new asset and works management system and configured a new asset register

- implemented the asset risk management approach through facility risk reviews and forums
- continued the implementation of the integrated asset management plans.

Enterprise resource planning and capability

Information and operational technologies are intrinsic to Seqwater's operations. In 2022-23, Seqwater:

- completed lifecycle management on the enterprise resource planning application
- commenced an Invoice Process Automation Project to capture back-office cost efficiencies
- continued the Flood Operations Centre Resilience Project to deliver a new cloud-based environment to provide increased operational resilience

- continued its Network Visibility and Monitoring Project to improve the security of Seqwater's control network
- commenced project for Assets Works Management Solution and Field Application Device Upgrade to improve reliability of asset data.

Emergency management

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, preparedness and continuous improvement.

In 2022-23 Seqwater:

- conducted a program of preparedness activities including seasonal readiness reviews, hazard reduction burns, and participation under the Queensland Disaster Management Arrangements

- prepared and submitted Seqwater's Flood Mitigation Manuals Annual Preparedness Report 2021 to the Dam Safety Regulator
- completed exercises from site-level through to joint intra-agency emergency response
- trained selected incident controllers and emergency management team members.

Cyber security

Cyber security has received heightened regulatory attention in 2022-23 and continues to play an important part of Seqwater's threat planning and preparedness. Seqwater continues to invest and support cyber security, with increased investments made across cyber security strategies, technology and staff to ensure critical technology systems remain safe and reliable.

In 2022-23 Seqwater:

- prepared cyber security provisions to meet changes to the *Security of Critical Infrastructure Act 2018*

- increased resourcing to further support capability and capacity of Seqwater's cyber security team
- commenced initial planning to establish a 24/7 threat detection and monitoring capability to support early detection of cyber threats
- continued to utilise software that detects and prevents cyber threats to critical Seqwater water systems.

Improve safety and organisational culture

Health, safety and wellbeing

Seqwater's Safe for Life promise establishes Seqwater's commitment to keeping "ourselves, each other and our communities healthy, safe and well, at work and at home".

During 2022-23 Seqwater maintained the certification of its Health Safety and Wellbeing Management System to AS/NZS ISO 45001:2018 Occupational health and safety management systems.

Seqwater recognises that leadership is a central component to achieving improvements in health, safety and wellbeing performance, with Water for Life Conversations and Critical Control Verifications being regularly undertaken by leaders.

To ensure readiness of process, policies and support for the new "Managing the risk of psychosocial hazards at work Code of Practice

2022" that became effective on 1 April 2023, Seqwater has developed a gap analysis against the 14 psychosocial hazards outlined in the new Code of Practice.

Following the launch of Seqwater's Health & Wellbeing Strategy in 2022, Seqwater:

- continued to undertake activities to embed the identified organisational levers (Culture, Leadership, Work Environment, and Work Design) to create a thriving and supportive workplace culture
- delivered the Well for Life Program. This program provides employees with access to targeted and proactive initiatives across the five key domains of health and wellbeing: mental, physical, social, career, and financial.

Other health safety and wellbeing initiatives delivered in 2022-23 included:

- transition to a new Employee Assistance Provider
- continuing to mature and embed Seqwater's Critical Risk Management Program
- undertaking a comprehensive review of Seqwater's Fatigue Management tools and processes, establishing a project to address the findings from the review
- rolling out training to Seqwater employees around health safety and wellbeing contractor management processes, established and implemented minimum emergency

accommodation standards for any Seqwater employees that may be required to remain at an Seqwater site during an emergency.

COVID-19 continued to be present in the community and Seqwater has maintained an evidence and risk-based approach to address the related health risks. During 2022-23 peaks in COVID-19 cases in Seqwater occurred in July 2022 and a smaller peak in December 2022, reflecting broader Queensland trends. Seqwater's response to COVID-19 has adapted based on Queensland Government advice. Control measures have been reviewed and updated in direct consultation with Seqwater's Chief Medical Officer.

Organisational culture

Seqwater developed a Culture Action Plan during 2022-23 to outline four areas of focus in its program of work: Diversity and Inclusion, Leadership, Engagement and Connection, and Values and Communication. The Culture Action Plan set out the priority initiatives to drive cultural transformation during 2022-23, including measurement tools to enable improved understanding of Seqwater's current culture. Delivered initiatives include:

- the bi-annual Culture Survey and Safety Culture Survey. The results of the 2022-23 Culture Survey indicated an improvement in all 12 of the measured behavioural styles indicating progress towards the preferred culture. The Safety Culture Survey indicated that Seqwater has maintained a sustainable safety culture

- engaging with diverse employees from across the business to take part in quarterly Culture Summits, ensuring representative voices in the room to shape culture initiatives and culture-related conversations
- the development of a High-Performance Leadership Development Program to support frontline leaders
- initiatives to improve equitable access to professional development, including the LinkedIn Learning platform
- improved employee engagement with the core purpose and vision through employee engagement and connectivity activities.

Inclusion and diversity

Seqwater's commitment to diversity and inclusion is outlined in Seqwater's Diversity and Inclusion Strategy. Seqwater's inaugural Diversity and Inclusion Strategy (2021-2022) will soon be replaced by our second Diversity and Inclusion Strategy (2023-25). During 2022-23 Seqwater:

- established a Diversity and Inclusion Focus Group led by employees across Seqwater at all levels
- conducted formal, externally facilitated interviews with Women at Seqwater to explore the experience of women in the business and designed a roadmap to improve the employment experience and support for women through networking and connection opportunities

- delivered the actions set out within the Reflect Reconciliation Action Plan under the pillars Respect, Relationships, Governance and Opportunities
- supported and contributed to Pride in Water, an industry-wide network, to ensure its LGBTQ+ employees feel valued, safe and included
- established BYou, a purposeful network for staff who identify as LGBTQ+ and their allies to connect, support, and to discuss LGBTQ+ issues and personal wellbeing in the workplace.

Industrial relations and remuneration practices review

Seqwater is committed to compliance with employment obligations. Following a comprehensive review of industrial relations and remuneration practices in 2020-21, Seqwater has implemented a range of strategies to improve employment governance and address issues that had been identified. These strategies included the introduction of new employment and remuneration processes and practices and comprehensive training to ensure all employees understand their entitlements under the Enterprise Agreement.

Seqwater has completed the rectification of all staff underpayments in accordance with the Enforceable Undertaking entered into with the

Fair Work Ombudsman on 28 September 2022. Seqwater continues to work closely with internal and external stakeholders including the Fair Work Ombudsman, employees and unions as part of the industrial relations and remuneration practices review process. There are further obligations under the Enforceable Undertaking that Seqwater continues to work through including an Independent Audit regime over two consecutive years. Seqwater has and continues to meet its obligations under the Enforceable Undertaking on or ahead of the specified dates, as required by the Enforceable Undertaking and agreed with the Fair Work Ombudsman.

Governance

Corporate governance

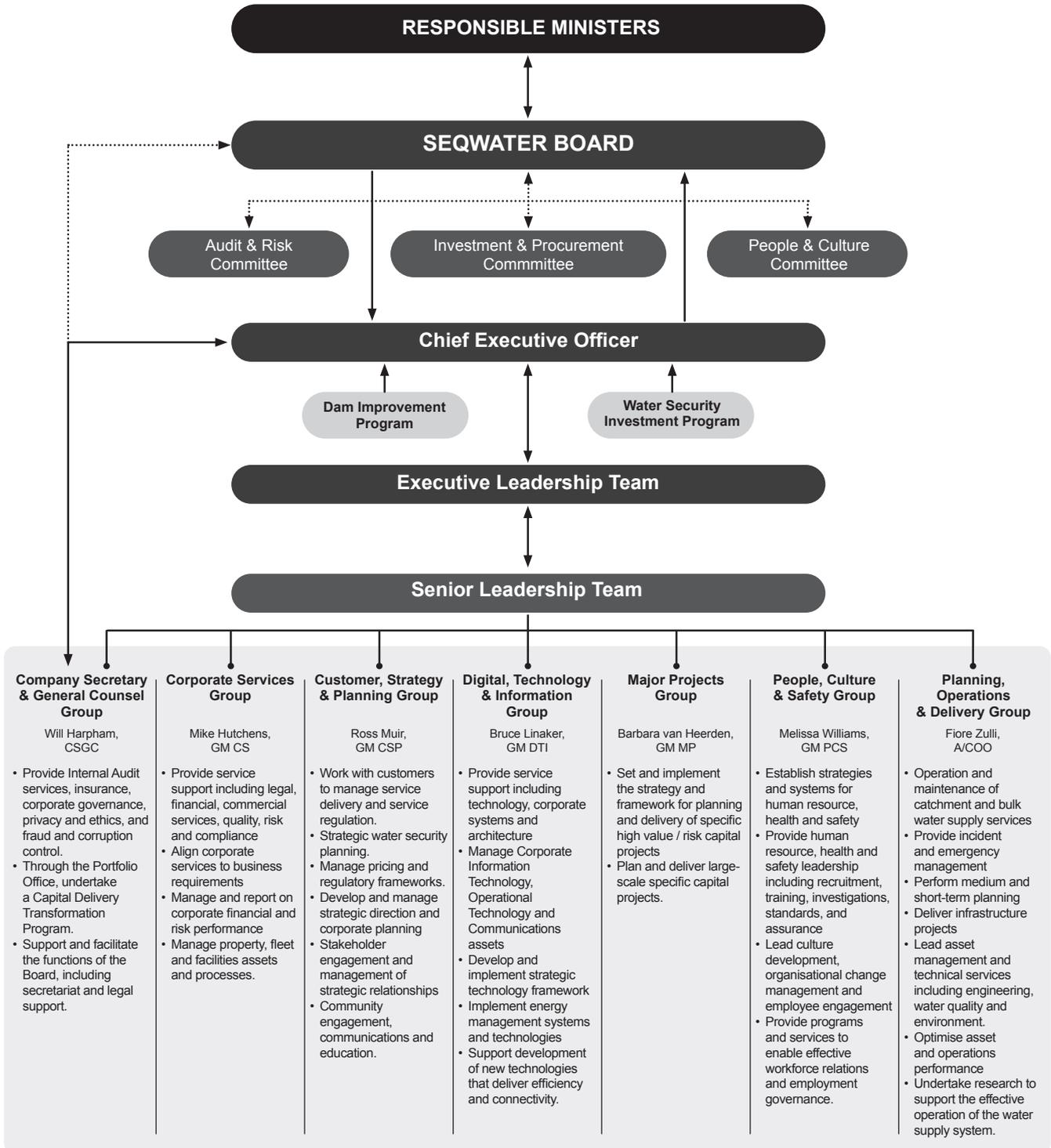
Seqwater has developed its Corporate Governance Statement (the statement) as part of its strategic objective to improve processes, systems and planning.

The statement explains how Seqwater complies with the expectations for statutory authorities as set out in the Corporate Governance Guidelines for Government Owned Corporations, Version 2.0 (Queensland Treasury: February 2009), relevant legislation and government guidelines.

This Annual Report is to be read in conjunction with the statement where general corporate governance information is incorporated into this report by cross-reference to the statement. Specific corporate governance disclosure under Annual report requirements for Queensland Government agencies is set out below.

Management and structure

Organisational Structure



Responsible Ministers

General information related to Seqwater's responsible Ministers, including how Seqwater communicates with them on a continuous disclosure

and formal reporting basis, is outlined in Seqwater's Corporate Governance Statement.

Seqwater Board

General information related to the Board is in the Corporate Governance Statement, including:

- its role
- the appointment process for its members, including determination of required skills,
- experience and attributes
- the general performance evaluation process
- remuneration arrangements.

Government bodies reporting summary

Name of Government body	Seqwater Board
Act or instrument	<i>South East Queensland Water (Restructuring) Act 2007</i>
Functions	The Board is accountable to its responsible Ministers for the performance of Seqwater. It directs and monitors the affairs of Seqwater on behalf of its responsible Ministers and is responsible for Seqwater's overall corporate governance.
Achievements	During 2022-23 the Board's key achievements included: <ul style="list-style-type: none"> • oversight of Seqwater's general business operations and strategic planning for dam improvement and water security investment programs • oversight of Seqwater's capital program involving approval of major dam and water infrastructure development and upgrade projects • approval of Seqwater's Operational Plan 2023-24 and Strategic Plan 2023-27.
Financial reporting	The Board, through the Audit and Risk Committee, oversees financial reporting. The audited 2022-23 financial statements and related disclosures were approved by the Board on 17 August 2023.

Board member remuneration					
Position	Name	Meetings/ sessions attendance	Approved annual fee ⁶	Approved sub-committee fees if applicable	Actual fees received ⁷
Chairperson	Hon. Dr David Hamill	25 (9 Board, 16 Committee)	\$100,000	\$4,500 per committee p.a. (Committee member)	\$128,184
Board member	Penny Tovey	28 (11 Board, 17 Committee)	\$45,000	\$8,000 p.a. (Committee Chair) \$4,500 per committee p.a. (Committee member)	\$64,939

⁶ Excludes superannuation contributions and committee fees.

⁷ Includes approved annual and committee fees and applicable superannuation contributions.

Board member remuneration					
Position	Name	Meetings/ sessions attendance	Approved annual fee ⁸	Approved sub- committee fees if applicable	Actual fees received ⁹
Board member	Marita Corbett	26 (10 Board, 16 Committee)	\$45,000	\$8,000 p.a. (Committee Chair) \$4,500 per committee p.a. (Committee member)	\$60,823
Board member	John McEvoy	29 (11 Board, 18 Committee)	\$45,000	\$8,000 p.a. (Committee Chair) \$4,500 per committee p.a. (Committee member)	\$64,939
Board member	Catherine Mickel	24 (10 Board, 14 Committee)	\$45,000	\$4,500 per committee p.a. (Committee member)	\$60,986
Board member	Gail Ker	28 (10 Board, 18 Committee)	\$45,000	\$4,500 per committee p.a. (Committee member)	\$60,913
No. Scheduled meetings/ sessions		Board meetings: 11 Audit and Risk Committee meetings: 6 Investment and Procurement Committee: 7 People and Culture Committee meetings: 5			
Total out of pocket expenses		NIL			

Board member profiles

The Hon. Dr David Hamill AM (Chairperson)

Independent Status	(Re)Appointment Date	Term Ends
Independent	1 October 2018 1 October 2021	24 May 2024

The Hon. Dr Hamill is a professional non-executive company director with an extensive track record and Board experience. He is currently Chair of the Seqwater Board, Act for Kids Limited and Dalrymple Bay Infrastructure Limited. He is also a Director of Brookfield Business Partners LP, Director of Brookfield Business Corporation, Ebenezer Pastoral Pty Ltd and Auraway Pty Ltd.

Among his former roles, Dr Hamill was Chair of the Australian Red Cross Blood Service, Chair of the Gladstone Airport Corporation, Chair of the

Queensland Museum, Director of Brookfield Infrastructure Partners LP and a member of the governing body (Senate) of the University of Queensland.

As the Member for Ipswich in the Queensland Parliament from 1983-2001, Dr Hamill held the portfolios of Treasurer (1998-2001), Minister for Education (1995-1996), and Minister for Transport and Minister Assisting the Premier on Economic and Trade Development (1989-1995).

A Rhodes Scholar, Dr Hamill is a graduate of both the University of Queensland (BA and PhD) and Oxford University (MA). He is a Fellow of the Chartered Institute of Transport, a Fellow of the Australian Institute of Company Directors and in 2009 he became a Member of the Order of Australia for service to the Parliament, the community, and to business.

⁸ Excludes superannuation contributions and committee fees.

⁹ Includes approved annual and committee fees and applicable superannuation contributions.

Ms Penny Tovey

Independent Status	(Re)Appointment Date	Term Ends
Independent	1 October 2018 1 October 2021	24 May 2024

Ms Tovey has more than 25 years of experience in organisational leadership, legal compliance, industrial relations, human resources management, resource utilisation and organisational development. She is currently Executive Manager People and Culture at the Southport Sharks Club. Among her former roles, Ms Tovey was the Director of the Association of Professional Engineers Scientists and Managers Australia, owner/director of her own company Workplace Knowhow and has worked for both employer and employee organisations. She was also Chair of the Industrial Relations Committee for CleanCo.

Ms Marita Corbett

Independent Status	(Re)Appointment Date	Term Ends
Independent	13 December 2019 24 October 2022	30 September 2023

Ms Corbett is a Chartered Accountant, Certified Internal Auditor and certified in risk management assurance. She has 30 years of experience as a governance, risk management and accounting professional, supporting organisations to improve operations and accomplish objectives through the evaluation of decision making, risk management, internal control and governance processes.

Ms Corbett has gained extensive business experience through her work with a number of large corporations with significant revenue and asset bases, diverse stakeholders, investments, commercial and operational scopes and risk-based decision-making requirements.

Ms Catherine Mickel

Independent Status	(Re)Appointment Date	Term Ends
Independent	1 October 2020	30 September 2023

Ms Mickel is a physiotherapist with more than 30 years of experience across public, private and community health sectors. She is currently a Director on the Nursing and Midwifery Board of Australia (Queensland), Diego & Co Pty Ltd and South Bank Medical Corporation Pty Ltd.

Ms Mickel is the former Chair of Karuna Hospice Services, former National President of the Australian Physiotherapy Association (APA) and was the APA's national spokesperson for seven years. She was the owner and director of Mickel Consulting, providing strategic advice to companies and organisations wanting to engage with Australian governments – local, state and federal.

Ms Gail Ker

Independent Status	(Re)Appointment Date	Term Ends
Independent	1 October 2020	30 September 2023

Ms Ker is currently a board member on the Queensland Government Gambling Community Benefit Fund and provides services to the Social Policy Group (SPG) as “Special Advisor, Settlement and Community Capacity Building and as “Coordinator of The Office of the Logan Coordinator”. She formerly was CEO of Access Community Services Ltd and served on a number of boards and advisory committees including Settlement Services Advisory Council and Community Advisory Committee of SBS and has more than 20 years’ experience in the Australian multicultural, humanitarian and community sectors.

Mr John McEvoy

Independent Status	(Re)Appointment Date	Term Ends
Independent	1 October 2020	30 September 2023

Mr McEvoy has 40 years of Australian and international experience in the mobilisation of major capital works programs in the water, transport, energy and health sectors. He has managed delivery of various dams, water treatment plants and trunk mains across South East Queensland, including as Project Director of the Western Corridor Recycled Water Scheme.

Mr McEvoy was previously a Board member of Queensland’s Cross River Rail Delivery Authority, Chairperson of the Infrastructure Association of Queensland, and Director of the Australian Institute of Project Management. He is a past Fellow of the Institution of Engineers Australia, and a Graduate of the Australian Institute of Company Directors. He has studied in leadership and infrastructure at Harvard Business School and the Kennedy School of Government.

Performance evaluation

The Seqwater Board conducted a self-evaluation in May 2023. This process involved Board members completing a questionnaire considering the performance of the Board, its sub-Committees and the Board Secretariat over the previous 12 months. At its May 2023 meeting, the Board discussed

the questionnaire responses, in the context of the current business environment, Seqwater's progress against its Corporate Strategy, and with reference to the Board's Skill Matrix. As a result of its discussion, the Board has affirmed a number of governance improvement opportunities.

Standing committees of the Board

The Board has three standing committees that meet periodically:

- Audit and Risk Committee
- Investment and Procurement Committee
- People and Culture Committee.

In 2022-23 the Audit and Risk Committee considered audit reports, prepared by the Queensland Audit Office, which outlined all audit recommendations made by the Queensland Audit Office.

General information related to the Board's standing committees is in the Corporate Governance Statement.

The membership and meeting record of the Board and its committees in 2022-23 is outlined in the table below. All Board members are entitled to attend committee meetings.

Table 5 – Board and Committees - Membership and Meetings

Committee	Membership	Meetings held (2021-22)
Board	Dr David Hamill (Chairperson) Penny Tovey Marita Corbett Catherine Mickel Gail Ker John McEvoy	<ul style="list-style-type: none"> • July, August, September, November, March and May, plus further special meetings held in August, October, December, February and May • A quorum was in place at each meeting.
Board Committees:		
Audit and Risk Committee	Marita Corbett (Chairperson) Penny Tovey Dr David Hamill John McEvoy	<ul style="list-style-type: none"> • July, August, October, February, March and May • A quorum was in place at each meeting • Gail Ker also attended all meetings. Catherine Mickel also attended four meetings.
Investment and Procurement Committee	John McEvoy (Chairperson) Marita Corbett Dr David Hamill Catherine Mickel Gail Ker	<ul style="list-style-type: none"> • August, September, October, December, February, April and June • A quorum was in place at each meeting • Penny Tovey also attended all meetings.
People and Culture Committee	Penny Tovey (Chairperson) Dr David Hamill Catherine Mickel Gail Ker	<ul style="list-style-type: none"> • August, October, February, and June, plus a further special meeting in May • A quorum was in place at each meeting • Marita Corbett and John McEvoy also attended all meetings.

Executive Management

General information related to the Executive is provided in Seqwater's Corporate Governance Statement.

Executive profiles

In 2022-23, the Executive Management team had one change of leadership in its Chief Operating Officer. As at 30 June 2023 the Executive comprised:

Neil Brennan, Chief Executive Officer

Neil joined Seqwater in August 2018 with a 40-year history in the water industry, most recently as Managing Director of Western Water. He was also the Interim Managing Director of Goulburn Murray Water, Managing Director at Central Highlands Water and held various Ministerial appointments to industry committees including as Director of the Board of the Energy and Water Ombudsman Scheme Victoria, Executive Council Member of the Institute of Water Administration and Chair of the Victorian water industry's Intelligent Water Networks Steering Group. Neil holds a Graduate Diploma in Management, a Master of Business Leadership and has completed the Oxford Advanced Management Programme.

Will Harpham – Company Secretary and General Counsel

Will has held the position of Company Secretary and General Counsel with Seqwater since 2019. He brings to the role over 20 years' experience advising corporate and government entities across a variety of areas including major projects, transport and logistics, corporate governance, insurance, infrastructure and water supply. Will has recently taken on board leadership of Seqwater's newly formed Enterprise Portfolio Office and is the sponsor for the Capital Delivery Transformation Program. The program is supporting Seqwater to deliver record-level investments in its infrastructure and become a significant capital delivery business. He is also the Deputy Sponsor for the Dam Improvement Program. Prior to his current roles he held management roles at LinkWater and Seqwater, during which time he grew his understanding of the industry and formed a passion for developing, operating, and protecting water assets.

Fiore Zulli – Acting Chief Operating Officer, Planning, Operations, Delivery

A chemical engineer by trade, Fiore has more than 30 years' industry experience in oil, gas and utilities. With a diverse range of experience in managing production, maintenance, engineering and project management portfolios, mainly in the hydrocarbon sector, Fiore has strong leadership experience engaging and managing large, diverse teams. After joining the business in 2016 as Regional Operations Manager, Fiore has acted as Chief Operating Officer since March 2023.

Ross Muir – General Manager, Customer, Strategy and Planning

Ross joined Seqwater in 2016 and has been in his current role of General Manager, Customer Strategy and Planning since 2019. Previously Ross was General Manager, Water Services. Ross has more than 25 years of experience in the water sector, specialising in commercial and regulatory aspects of water supply. Before joining Seqwater, Ross was a consultant for more than 10 years advising private sector and government clients in the Australian water sector on price regulation, infrastructure investments, institutional reform and water policy.

Melissa Williams – General Manager, People, Culture and Safety

Melissa joined Seqwater in 2019. She brings to Seqwater more than 20 years' experience in a diverse range of industries in the private, public and not-for-profit sectors.

Melissa has qualifications in psychology and has held senior management roles in human resources, health and safety, customer experience and operations management. She has extensive experience driving cultural and business outcomes in large, complex and regulated organisations with demonstrated success in energy, aged care, transportation, education, health and the Queensland Public Service.

Before joining Seqwater Melissa was the General Manager People and Culture with Powerlink Queensland.

Barbara van Heerden – General Manager, Major Projects

Barbara has been an industry leader in the delivery of major capital delivery projects for over 35 years, with her experience spanning global, industry-shaping projects across both the public and private sector. Her diverse experience has seen her lead the planning and delivery of major and complex infrastructure projects and programs across Africa, the UK, the USA and Australia. Prior to joining Seqwater, she was the North Coast and Wide Bay Burnett Regional Director for the Queensland Department of Transport and Main Roads, responsible for leading the strategic direction, capital program delivery, and maintenance and operations for the region, included leading the delivery of Australia's first Diverging Diamond Interchange on the Bruce Highway at Caloundra.

Over the course of her career Barbara has worked on the leadership team of multiple organisations, driving a structured and focused delivery approach alongside a people centric culture. She is passionate about leaving an enduring legacy and is proud of her ability to transfer infrastructure planning and delivery skills and capabilities between countries and industries. Barbara joined the Seqwater Executive Leadership Team in 2019 as the General Manager, Major Projects and since then has forged the organisation's capital delivery capability, leading the delivery ramp up and governance of Seqwater's major capital delivery portfolio. Barbara holds a Master's degree in civil engineering, is a fellow of Engineers Australia, is a registered professional engineer and a graduate of the Australian Institute of Company Directors.

Performance evaluation

General information related to the Executive performance evaluation process is in Seqwater's Corporate Governance Statement.

A performance evaluation of the Executive occurred during the reporting period 2022-23 in accordance

Executive committees

The Executive have two sub-committees:

- Investment Management Committee
- Health, Safety and Wellbeing Steering Committee

Mike Hutchens – General Manager, Corporate Services

Mike joined Seqwater in April 2022. Mike is an experienced leader and Chartered Accountant with over 30 years of experience working in a range of businesses including regulated government owned organisations in the energy industry, publicly listed multi-national mining companies and financial and professional services firms. Before joining Seqwater, Mike was the General Manager Financial Control with Energy Queensland. Prior to this he was the Chief Financial Officer at Ergon Energy.

Bruce Linaker – General Manager, Digital Technology Information

Bruce joined Seqwater in 2019. Bruce has held various executive-level and senior management roles supporting the successful delivery of digital transformation and technology programs. Recent roles include the CEO for eHealth Queensland and Chief Information Officer for Queensland Health, accountable for a team of 1,600+ and the delivery of in excess of \$1 billion worth of digital transformation projects across Queensland's Hospital and Health Services. Prior to this, Bruce was based out of Manila where he led multiple digital transformation teams located throughout the Asia Pacific region.

with the Government owned corporations Policy for *Chief and Senior Executive Employment Arrangements* and the entity's performance management process.

Details of the roles and responsibilities, membership and structure of the executive committees is in Seqwater's Corporate Governance Statement.

Public sector ethics

General information related to Seqwater's approach to ethical and responsible decision making is in Seqwater's Corporate Governance Statement including:

- Seqwater's code of conduct, culture and values approach to compliance with the *Public Sector Ethics Act 1994* and its principles and values

Human rights

Seqwater respects, protects, and promotes human rights in decision-making and actions.

To further the objectives of the *Human Rights Act 2019*, Seqwater conducted a review of its Board approved policy statements using a newly developed and robust policy review methodology, including ensuring their compliance with human rights. Policy statements are Seqwater's first-

- fraud and corruption controls, including:
 - conflicts of interest controls
 - human rights and modern slavery risk controls
 - public interest disclosure controls.

tier corporate governance documents that set the Board's policy position or organisational expectations for Seqwater and its employees. All other subordinate corporate governance documents are aligned to Seqwater's policy statements.

Seqwater received no human rights complaints in 2022-23.

Risk management and accountability

General information related to Seqwater's approach to risk management, internal audit and external scrutiny is detailed in the Corporate Governance Statement.

Risk management

In 2022-23 Seqwater undertook a health check of its risk management system, and the Board approved

a revised Risk Policy Statement, Risk Appetite Statement and Enterprise Risk Framework.

Climate related risk

The International Sustainability Standards Board (ISSB) was formed in November 2021 to establish a standardised framework of sustainability reporting standards for global corporate reporting. On 26 June 2023, the ISSB issued its first standards, International Financial Reporting Standards (IFRS) S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. The Commonwealth Treasury and Australian Accounting Standards Board (AASB) are currently developing the regulatory framework and application guidance for adoption of ISSB Standards in Australia in future years.

The Queensland Government publishes an annual Queensland Sustainability Report that sets out

how the government has established its priorities for, and approach to, managing sustainability risks and provides information on key policies being implemented and reports against performance measures. As the Queensland Sustainability Report is updated annually, it will continue to reflect emerging best practice reporting on sustainability both within Australia and internationally to meet future reporting and disclosure expectations. In line with its public ownership status, Seqwater will follow Queensland Government's approach to managing sustainability risks and opportunities and the framework for Sustainability Reporting as it develops for future financial reports.

Internal audit

General information related to Seqwater's internal audit function is in Seqwater's Corporate Governance Statement.

In 2022-23 Internal Audits focused on:

- budgeting, cashflow and forecasting

- major projects
- technology projects
- compliance
- commercial services/procurement.

External scrutiny

There was no external scrutiny undertaken in 2022-23.

Information systems and record keeping

General information related to Seqwater's management and compliance with its information management and record keeping obligations is in Seqwater's Corporate Governance Statement.

Seqwater has approved policies, processes and procedures that govern the management of records from creation to disposal, resulting in a total of 3.7 million electronic records held in its Electronic Document & Records Management System (eDRMS).

Seqwater's records are retained and disposed of in accordance with Queensland State Archives,

General Retention and Disposal Schedule as authorised under section 26 of *The Public Records Act 2002*. To maintain its statutory requirements, 567 boxes containing administrative records were appraised and approved for destruction.

Seqwater is committed to the delivery of technology that will improve the digital landscape capability across the business. This is achieved through a continuous improvement program and application of lifecycle management practices which provides improved system functionality, system integration, mobility, document collaboration and governance.

Human resources governance

General information related to Seqwater's human resources governance is in Seqwater's Corporate Governance Statement.

Workforce profile

Table 6 - Workforce profile data

	FTE
Total FTE for Seqwater at 30 June 2023	784.49

Open Data

Corporate entertainment

There was no corporate entertainment in 2022-23.

Overseas travel

There was \$21,553 spent on overseas travel in 2022-23.

Consultancies

Information about consultancies is available online in lieu of inclusion in the annual report. This information is on the Queensland Government open data website (<https://data.qld.gov.au>).

Government directions

Seqwater received the following Government directions in 2022-23:

- 14 October 2022: Temporary full supply level (Wivenhoe Dam) declaration notice (No 1) 2022 effective 15 October 2022 until 28 February 2023
- 10 March 2023: Seqwater Irrigation Water Pricing Direction Notice (No.1) 2023 pursuant to the *Water Act 2000* (Qld) requiring Seqwater to comply with the notice when charging irrigation water prices and associated fees from 1 July 2023, superseding the 2021 notice
- 17 April 2023: Direction to construct and commission, own and operate the Toowoomba to Warwick Raw Water Pipeline.



Audited Financials

**Queensland Bulk Water Supply Authority
(Trading as Seqwater)**

**Annual Financial Report
For the year ended 30 June 2023**

Table of contents

Statement of comprehensive income	30
Statement of financial position	31
Statement of changes in equity	32
Statement of cash flows	33
Notes to the statement of cash flows	34
Section 1 - About the entity and this financial report	35
A1 Basis of financial statement preparation	35
A1-1 Reporting entity	35
A1-2 Statement of compliance	35
A1-3 Going concern	35
A1-4 Critical accounting estimates and judgements	36
A1-5 Basis of measurement	36
A1-6 Presentation	37
A1-7 Authorisation of financial statements for issue	37
A2 Objectives of the Entity	37
Section 2 – Notes about our financial performance	38
B1 Revenue	38
B1-1 Water sales	38
B1-2 Government grants and other contributions	39
B1-3 Other revenue	39
B2 Employee benefit expenses	39
B3 Supplies and services	41
B4 Finance/borrowing costs	41
B5 Other expenses	42
B6 Income tax equivalents	42
Section 3 – Notes about our financial position	43
C1 Cash and cash equivalents	43
C2 Trade and other receivables	43
C3 Property, plant and equipment and related depreciation expense	44
C3-1 Recognition and acquisition	44
C3-2 Measurement using historical cost	45
C3-3 Measurement using fair value	45
C3-4 Depreciation	49
C3-5 Capital expenditure commitments	50
C3-6 Impairment	50
C3-7 Property, plant and equipment – balances and reconciliation of carrying amount	51
C4 Intangible assets	53
C4-1 Recognition of intangible assets	53

C4-2	Amortisation	53
C4-3	Capital commitments	53
C4-4	Impairment	53
C4-5	Intangible assets – balances and reconciliation of carrying amount	54
C5	Trade and other payables	55
C6	Employee benefits	55
C7	Interest bearing liabilities	56
C7-1	Funding facilities	56
C7-2	Credit standby arrangement	57
C7-3	Fair value disclosures for financial assets and liabilities measured at amortised cost	57
C8	Deferred tax assets and liabilities	57
C8-1	Recognised deferred tax assets and liabilities	58
C8-2	Movement in temporary difference during the year	58
C8-3	Tax losses	59
C9	Other liabilities	59
C10	Right of use assets and lease liabilities	59
C10-1	Leases as Lessee	59
C10-2	Leases as Lessor	60
C11	Asset revaluation surplus by asset class	61
Section 4 – Notes about risk and other accounting uncertainties		62
D1	Financial risk disclosure	62
D1-1	Financial instrument categories	62
D1-2	Financial risk management	62
D1-3	Capital management	64
D2	Contingencies	64
D3	First year application of new accounting standards or change in accounting policy	65
D4	Future impact of accounting standards not yet effective	65
E1	Key management personnel (KMP) disclosures	66
E1-1	Details of Ministerial KMP and remuneration policies	66
E1-2	Details of non-Ministerial KMP and remuneration policies	66
E2	Related party transactions	69
E3	Climate risk disclosure	70
Management certificate for year ended 30 June 2023.....		71
Independent audit report to the Board of Queensland Bulk Water Supply Authority		72

Statement of comprehensive income

for the year ended 30 June 2023

	Notes	2023 \$000	2022 \$000
Revenue			
Water sales	B1-1	1,083,316	1,010,567
Grants and other contributions	B1-2	15,581	13,377
Other revenue	B1-3	11,589	6,964
Total operating revenue		1,110,486	1,030,908
Revaluation increment	C3-7	2,260	20,043
Total revenue		1,112,746	1,050,951
Expenses			
Employee benefit expenses	B2	120,964	115,861
Supplies and services	B3	201,498	187,124
Depreciation and amortisation	C3-7, C4-5, C10-1	265,077	267,084
Finance/borrowing costs	B4	417,487	445,105
Other expenses	B5	18,211	14,660
Total operating expenses		1,023,237	1,029,834
Operating result before income tax		89,509	21,117
Income tax expense	B6	31,593	7,795
Operating profit		57,916	13,322
Other comprehensive income			
Item that will not be reclassified subsequently to operating profit or loss:			
Increase/(decrease) in asset revaluation surplus net of tax		94,777	(290,911)
Total other comprehensive income/(loss)		94,777	(290,911)
Total comprehensive income/(loss)		152,693	(277,589)

The accompanying notes form part of these financial statements.

Statement of financial position

as at 30 June 2023

	Notes	2023 \$000	2022 \$000
Current assets			
Cash and cash equivalents	C1	229,562	318,386
Trade and other receivables	C2	160,202	148,263
Inventories		13,407	11,210
Other current assets		8,258	6,398
Total current assets		411,429	484,257
Non-current assets			
Property, plant and equipment	C3-7	10,487,432	10,440,269
Right-of-use assets	C10-1	3,531	4,123
Intangible assets	C4-5	139,101	144,956
Other non-current assets		266	685
Total non-current assets		10,630,330	10,590,033
Total assets		11,041,759	11,074,290
Current liabilities			
Trade and other payables	C5	56,780	36,616
Employee benefits	C6	25,057	33,268
Interest bearing liabilities	C7	322,371	310,547
Lease liabilities	C10-1	547	489
Other current liabilities	C9	11,734	11,474
Total current liabilities		416,489	392,394
Non-current liabilities			
Employee benefits	C6	2,980	3,185
Interest bearing liabilities	C7	8,579,530	8,868,925
Lease liabilities	C10-1	3,704	4,252
Deferred tax liabilities	C8-1	142,275	70,380
Other non-current liabilities	C9	247,999	259,382
Total non-current liabilities		8,976,488	9,206,124
Total liabilities		9,392,977	9,598,518
Net assets		1,648,782	1,475,772
Equity			
Contributed equity		(695,888)	(715,888)
Asset revaluation surplus	C11	2,554,216	2,460,179
Accumulated deficit		(209,546)	(268,519)
Total equity		1,648,782	1,475,772

The accompanying notes form part of these financial statements.

Statement of changes in equity

for the year ended 30 June 2023

	Accumulated deficit \$000	Asset revaluation surplus \$000	Contributed equity \$000	Total equity \$000
Balance as at 1 July 2021	(288,695)	2,755,888	(715,888)	1,751,305
Operating profit from continuing operations	13,322	-	-	13,322
Total other comprehensive income:				
Increase/(decrease) in asset revaluation surplus	-	(290,911)	-	(290,911)
Transfer revaluation surplus as a result of disposal of non-current asset	6,854	(4,798)	-	2,056
Balance as at 30 June 2022	(268,519)	2,460,179	(715,888)	1,475,772
Balance as at 1 July 2022	(268,519)	2,460,179	(715,888)	1,475,772
Operating profit from continuing operations	57,916	-	-	57,916
Total other comprehensive income:				
Increase/(decrease) in asset revaluation surplus	-	135,395	-	135,395
Transfer revaluation surplus as a result of disposal of non-current asset	1,057	(41,358)	-	(40,301)
Transaction with owners as contributed equity	-	-	20,000	20,000
Balance as at 30 June 2023	(209,546)	2,554,216	(695,888)	1,648,782

The accompanying notes form part of these financial statements.

Statement of cash flows

for the year ended 30 June 2023

	Notes	2023 \$000	2022 \$000
Cash flows from operating activities			
<i>Inflows:</i>			
Receipts from water services		1,071,104	1,005,810
Grants received		4,274	1,810
Interest received		7,181	1,906
Other revenue		2,726	10,961
GST collected		38,842	34,717
<i>Outflows:</i>			
Payments to suppliers and employees		(340,083)	(323,897)
Finance and borrowing costs		(419,457)	(446,044)
GST paid		(38,113)	(36,269)
Other		(2,466)	(2,454)
Net cash provided by operating activities	CF-1	324,008	246,540
Cash flows from investing activities			
<i>Inflows:</i>			
Proceeds from sale of plant and equipment		3,224	941
<i>Outflows:</i>			
Payments for property, plant and equipment		(158,876)	(157,267)
Payments for intangibles		(1,113)	(3,677)
Net cash used in investing activities		(156,765)	(160,003)
Cash flows from financing activities			
<i>Inflows</i>			
Contributed equity		20,000	-
<i>Outflows:</i>			
Borrowing redemption		(275,321)	(240,452)
Lease payments		(746)	(715)
Net cash provided by financing activities		(256,067)	(241,167)
Net increase/(decrease) in cash and cash equivalents		(88,824)	(154,630)
Cash and cash equivalents at the beginning of the financial year		318,386	473,016
Cash and cash equivalents at the end of the financial year	C1	229,562	318,386

The accompanying notes form part of these financial statements.

Notes to the statement of cash flows

CF – 1 Reconciliation of profit for the period to net cash provided by operating activities

	2023 \$000	2022 \$000
Operating profit	57,916	13,322
Non-cash items included in operating result:		
Depreciation and amortisation expense	264,485	266,491
Losses/(gains) on sale of property, plant and equipment	2,661	186
Lease	849	873
Income tax expense	31,593	7,795
Revaluation increment	(2,260)	(20,043)
Doubtful debts expenses	12	226
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(12,680)	679
(Increase)/decrease in inventories	(2,316)	(1,280)
(Increase)/decrease in GST receivable	704	(1,540)
(Increase)/decrease in other current assets	(1,442)	(361)
Increase/(decrease) in trade and other payables	6,509	649
Increase/(decrease) in employee benefits	(8,416)	(7,834)
Increase/(decrease) in other liabilities	(11,382)	(11,382)
Increase/(decrease) in loan interest payable	(2,250)	(1,229)
Increase/(decrease) in GST payable	25	(12)
Net cash provided by operating activities	324,008	246,540

CF – 2 Changes in liabilities arising from financing activities

	Non-cash changes			Cash flows			
	Opening balance \$000	Transfers to / (from) QTC \$000	New lease acquired \$000	Other \$00	Cash received \$000	Cash repayments \$000	Closing balance \$000
2023							
Leases	4,741	-	-	256	-	(746)	4,251
Borrowings	9,144,130	-	-	-	-	(275,321)	8,868,809
Total	9,148,871	-	-	256	-	(276,067)	8,873,060
2022							
Leases	5,176	-	-	281	-	(716)	4,741
Borrowings	9,384,583	-	-	-	-	(240,453)	9,144,130
Total	9,389,759	-	-	281	-	(241,169)	9,148,871

Section 1 - About the entity and this financial report

A1 Basis of financial statement preparation

A1-1 Reporting entity

The Queensland Bulk Water Supply Authority trading as Seqwater (the Entity) is a statutory body under the *Financial Accountability Act 2009*, the *Statutory Bodies Financial Arrangements Act 1982* and has been established under the *South East Queensland Water (Restructuring) Act 2007*. The Entity expires at the end of 99 years from when it was established on 16 November 2007. The Queensland Government is the successor in law at the expiry date. The Entity is controlled by the Queensland Government which is its ultimate parent.

The head office and principal place of business of the Entity is Level 8, 117 Brisbane Street, Ipswich QLD 4305.

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the Entity.

A1-2 Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with:

- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB)
- the *Financial and Performance Management Standard 2019*
- Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2022
- other authoritative pronouncements.

A1-3 Going concern

The financial statements have been prepared on a going concern basis as the Board considers that there is a reasonable expectation that the Entity will be able to pay its debts as and when they fall due. Further, the Entity will remain a going concern for at least twelve months from the date of signing these financial statements for the following reasons:

- The Board relies on the Queensland Government's commitment to ensuring the solvency and ongoing viability of the Entity. This commitment was affirmed in a letter from the Hon. Glenn Butcher MP, Minister for Regional Development and Manufacturing and Minister for Water, and the Hon. Cameron Dick MP, Treasurer and Minister for Trade and Investment issued to the Entity on 29 June 2023;
- The Government's support for the Entity will include facilitating the provision of funding facilities through Queensland Treasury Corporation (QTC) to ensure the availability of funds to meet:
 - the working capital and capital works requirements of the Entity;
 - the financial commitments of the Entity under bulk water supply agreements with its customers; and
 - the financial commitments and obligations incurred by the Entity as a result of the pricing structure, including any variations to funding requirements arising from the bulk water price path.
- The Government's commitment is provided on the basis that any funding made available to the Entity is consistent with arrangements agreed under the Entity's Operational and Strategic Plans, or as otherwise approved by the responsible Ministers under the *South East Queensland Water (Restructuring) Act 2007* or other applicable legislation (notably, the *Statutory Bodies Financial Arrangements Act 1982* (SBFA Act));
- The Entity's borrowings from QTC obtain the benefit of a State guarantee under section 21 of the SBFA Act; and
- As at 30 June 2023, the Entity has an approved working capital facility from QTC amounting to \$200 million (refer to Note C7-2) of which none has been drawn at 30 June 2023 and has a cash balance of \$230 million at 30 June 2023 (refer to Note C1).

A1-4 Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are found in the following notes:

Fair value	C3-3	Valuation of property, plant and equipment including key estimates and judgements
Depreciation and amortisation expenses	C3-4 and C4-2	Including estimated useful life and assessment on asset conditions
Employee benefits	C6	Including estimates related to long service leave and remuneration review
Income tax and utilisation of tax losses	C8	Recoverability of deferred tax assets and recognition of deferred tax liabilities
Contingencies	D2	Litigation in progress

A1-5 Basis of measurement

Historical cost is used as the measurement basis in the financial report except for the following:

- Land, building and infrastructure assets which are measured at fair value (Note C3-3); and
- Provisions expected to be settled 12 or more months after reporting date which are measured at their present value (Note C6).

A number of the Entity's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. exit price) regardless of whether the price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the Entity include, but are not limited to, published sales data for land, general office buildings and residential houses.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Entity include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Entity's assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

All assets and liabilities of the Entity for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- Level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- Level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- Level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

Except for cash and cash equivalents, none of the Entity's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy. There were no transfers of assets between fair value hierarchy levels during the period.

A1-6 Presentation

Currency and rounding

The financial statements are presented in Australian dollars. Amounts included in the financial statements have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparatives

Comparative information reflects the audited 2021-22 financial statements except where restated for identified prior period adjustments.

Current/non-current classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the Entity does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

A1-7 Authorisation of financial statements for issue

The financial statements were authorised for issue by the Board on 17 August 2023.

A2 Objectives of the Entity

The Entity is primarily involved in the supply of water services and carrying out water activities.

As set out in the *South East Queensland Water (Restructuring) Act 2007*, the Entity must carry out its functions as a commercial enterprise. The Entity meets the definition of a for profit entity for the purposes of the accounting standards.

Section 2 – Notes about our financial performance

B1 Revenue

Recognition occurs when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Entity and specified criteria have been met for each of the Entity's activities as described below. The Entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

B1-1 Water sales

Revenue from contracts with customers is recognised when the Entity transfers control over a good or service to the customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations, significant payment terms, and revenue recognition for the Entity's water sales revenue from contracts with customers.

Type of good or service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Bulk water sales to distributor-retailers (DRs)	<ul style="list-style-type: none"> The Bulk Water Supply Agreements (BWSA) between the Entity and the DRs set out the terms and conditions for the monthly water billing. The unit price per megalitre is in accordance with the Ministerial set price. Based on the Entity's past experience, all the DR invoices are paid within the payment terms, no impairment indicator exists for the monthly billing to the DRs. 	The Entity recognises bulk water revenue monthly based on the actual megalitres supplied to the grid customer during the calendar month.
Bulk water sales to Stanwell Corporation, CleanCo Queensland and Toowoomba Regional Council	<ul style="list-style-type: none"> The bulk water supply agreements between the parties set out the terms and conditions for the monthly water billing. There are fixed and variable charges in the agreement. The charge rates are listed in the agreement and subject to annual review. Meter reading points and water supply calculation methodologies are clearly documented in the agreement. Based on the Entity's past experience, all the Stanwell Corporation, CleanCo Queensland and Toowoomba Regional Council invoices are paid within the agreed payment terms, no impairment indicator exists for the monthly billing to them. 	The Entity recognises bulk water revenue, including both fixed and variable charges monthly, based on the agreement price and water supply allocation methodology.
Water sales to irrigation	<ul style="list-style-type: none"> Section 146 of the <i>Water Act 2000</i> requires a standard supply contract to be in place when water entitlements are converted to water allocations. Irrigation customers have various supply contracts with the Entity. Charges for rural irrigation water are largely calculated based on two-part tariff charges. Part A relates to fixed costs based on water allocation volume and is applied quarterly in advance and Part B represents the charge for water use based on meter readings for the previous quarter. The charges for Part A and Part B are in accordance with the Ministerial set prices. 	The Entity recognises irrigation water sales revenue monthly, the fixed component is as per set charges and the variable component is based on the actual meter reading.

Revenue recognised over time

	2023 \$000	2022 \$000
Bulk water sales – water grid	1,079,830	1,006,159
Water sales – irrigation	3,486	4,408
Total	1,083,316	1,010,567

B1-2 Government grants and other contributions

Government grants related to assets, including non-monetary grants at fair value, are presented in the Statement of Financial Position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

In 2010, the Entity received \$408 million in capital grants from the Commonwealth department for the construction of Western Corridor Recycled Water assets. The \$408 million was recognised initially as unearned income and is recognised in the Statement of Comprehensive Income (\$11 million) on a systematic basis over the useful life of the asset (refer to Note C9).

Government grants, including non-monetary grants at fair value, are not recognised until there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received.

The Entity receives Community Service Obligation (CSO) payments from the Queensland Government in two parts. The rural water payment is for the provision of rural irrigation water to rural irrigators. The water planning development payment is for the activities to ensure compliance with regulatory and policy areas of resource management.

	2023 \$000	2022 \$000
CSO	1,708	1,793
Government grant	13,873	11,584
Total	15,581	13,377

B1-3 Other revenue

	2023 \$000	2022 \$000
Interest	7,713	1,939
Insurance claims	4	1,229
Other	3,872	3,796
Total	11,589	6,964

B2 Employee benefit expenses

	2023 \$000	2022 \$000
Employee benefits		
Wages and salaries	91,747	87,774
Annual leave expenses	7,807	8,682
Long service leave expenses	1,210	1,201
Employer superannuation contributions	11,466	10,457
Employee related expenses		
Workers' compensation premium	126	75
Payroll tax	5,894	5,451
Other employee related expenses	2,714	2,221
Total	120,964	115,861

Employee benefits

Employee benefits are expensed as the related service is provided.

Employer superannuation contributions, annual leave and long service leave are regarded as employee benefits.

Employee related expenses

Payroll tax and workers' compensation insurance are a consequence of employing employees and are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Superannuation schemes

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's defined benefit plan (the former QSuper defined benefit categories now administered by the Government Division of the Australian Retirement Trust) as determined by the employee's conditions of employment.

Defined contribution plans – Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant EBA or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

Defined benefit plan – The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The amount of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary. Contributions are paid by the Entity at the specified rate following completion of the employee's service each pay period. The Entity's obligations are limited to those contributions paid.

The Entity contributes to LGIASuper for employees under both defined benefit scheme and accumulation superannuation scheme. The Entity has no liability to or interest in LGIASuper other than the payment of the statutory contribution. Any amount by which either scheme is over or under funded would only affect future benefits and is not an asset or liability of the Entity at reporting date. Accordingly, there is no recognition in the financial statements of any over-or-under funding of LGIASuper.

The Entity also contributes to various superannuation funds as nominated by employees under superannuation choice of fund. The Entity has no liability to or interest in these funds other than the payment of the statutory contribution.

Superannuation contributions are expensed in the period in which they are paid or payable.

Full time equivalent employees

The number of employees including both full time and part time employees measured on a full-time equivalent basis as at 30 June are:

	2023	2022
Number of employees		
Permanent employees	659	651
Fixed term employees	126	128
Total	785	779

Key management personnel and remuneration disclosures are detailed in Note E1.

B3 Supplies and services

	2023 \$000	2022 \$000
Labour hire	904	1,395
Consultancies and contractors [^]	25,967	19,111
Operational contracts	31,350	31,449
Energy	22,998	23,668
Information technology and communications	13,418	13,500
Repairs and maintenance – dams and weirs	7,914	6,231
Repairs and maintenance – water treatment plants	10,564	9,143
Repairs and maintenance – pipelines and other	18,515	17,749
Chemicals and treatments	42,178	36,714
Legal	4,241	4,225
Suppliers and consumables	17,879	18,657
Bulk water service purchase payment	3,629	3,605
Other expenses	1,941	1,677
Total	201,498	187,124

[^]includes specialists for engineering, project management, environmental and asset management, accounting and economic advice.

B4 Finance/borrowing costs

	2023 \$000	2022 \$000
Interest paid or payable to QTC	417,207	444,816
Interest on lease liabilities	257	280
Other financial costs	23	9
Total	417,487	445,105

Finance/borrowing costs comprise:

- interest expense on bank overdrafts, short-term and long-term borrowings;
- unwinding of the discount on provisions; and
- ancillary administration charges.

Finance/borrowing costs are expensed in the Statement of Comprehensive Income using the effective interest method.

Finance/borrowing costs that are not settled in the period in which they arise are added to the carrying amount of the borrowing.

Finance/borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

No borrowing costs are capitalised into qualifying assets.

B5 Other expenses

	2023 \$000	2022 \$000
Insurance	11,673	8,709
External audit fees [^]	353	339
Rates and taxes	2,716	2,641
Losses/(gain) on disposal - net	2,661	186
Other	808	2,785
Total	18,211	14,660

[^] Total audit fees quoted by the Queensland Audit Office relating to the 2022-23 financial statements are \$345k (2022: \$346k)

B6 Income tax equivalents

The difference between income tax expense provide in the Statement of Comprehensive Income and the prima facie income tax expense is reconciled as follows:

	2023 \$000	2022 \$000
Profit before income tax*	89,509	21,117
Prima facie income tax thereon at 30% (2022: 30%)	26,853	6,335
Add:		
Recognition of under/over tax provision	1,914	-
Tax impact of revaluations on disposals	317	142
Recognition of capital losses	1,241	51
Depreciation difference on transferred council assets	1,261	1,261
Non-deductible expenses	7	6
Total	31,593	7,795

The Entity is a State body as defined under the *Income Tax Assessment Act 1936* and exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Service Tax (GST). The Entity has been a participant in the Australian Taxation Office (ATO) National Tax Equivalent Regime (NTER) from the date of establishment.

As a result, an “equivalent” or “notional income tax” liability is payable to Queensland Treasury for payment into the consolidated fund. Income tax expense comprises current and deferred tax. Income tax expense/(benefit) is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

GST credit receivable from, and GST payable to the ATO, are recognised (Note C2).

Section 3 – Notes about our financial position

C1 Cash and cash equivalents

	2023 \$000	2022 \$000
Cash at bank	42,049	19,803
Short-term deposits	187,513	298,583
Total	229,562	318,386

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. There are no bank overdrafts at reporting date.

C2 Trade and other receivables

	2023 \$000	2022 \$000
Trade debtors – retail	151,855	140,874
Trade debtors – other	4,710	3,011
Less: loss allowance	(353)	(341)
Total	156,212	143,544
GST receivable	4,160	4,864
GST payable	(170)	(145)
Total	3,990	4,719
Total	160,202	148,263
Receivables arising from contracts with customers		
Balance at 1 July	140,874	139,045
Increase / (decrease)	10,981	1,829
Balance at 30 June	151,855	140,874

Trade and other receivables

Receivables are measured at amortised cost which approximates their fair value at reporting date.

Receivables are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of those amounts are required within 30 days from invoice date. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Loss allowance

An allowance for impairment of receivables reflects lifetime expected credit losses. No allowance for impairment of receivables is recorded for receivables owing from local water distributor-retailers, local councils and power stations in relation to water sales, due to its near zero risk. Where there is no reasonable expectation of recovering amounts owed by debtors, the debt is immediately written off.

The collectability of receivables is assessed periodically with provision being made where receivables are impaired. The calculations reflect historical observed default rates calculated using credit losses experienced on the past sales transactions during the last three years preceding 30 June 2023. All known bad debts were written-off as at 30 June.

No financial assets had their terms renegotiated to prevent them from being past due or impaired and are stated at the carrying amount as indicated.

Individually impaired receivable position (aged)

	2023			2022		
	Gross receivables \$000	Loss rate	Expected credit losses \$000	Gross receivables \$000	Loss rate	Expected credit losses \$000
Receivables						
1 to 30 days overdue	414	33%	138	729	27%	196
31 to 60 days overdue	91	34%	31	196	28%	54
61 to 90 days overdue	219	34%	75	37	28%	10
>90 days overdue	322	34%	109	293	28%	81
Total overdue	1,046		353	1,255		341

Movement in allowance for impairment for impaired receivables

	2023 \$000	2022 \$000
Balance at 1 July	(341)	(115)
Decrease/ (increase) in allowance recognised in operating result	(12)	(226)
Amount written-off during the year in respect of bad debts	-	-
Total	(353)	(341)

C3 Property, plant and equipment and related depreciation expense

C3-1 Recognition and acquisition

Cost of acquisition

Historical cost is used for the initial recording of all property, plant and equipment acquisitions. Historical cost is determined as the value given as consideration and costs incidental to acquisition, plus all other costs incurred in getting the assets ready for use.

Assets acquired at no cost or for nominal consideration, other than from another Queensland Government entity, are recognised at their fair value at date of acquisition.

Costs incurred subsequent to the initial asset purchase are capitalised when the expenditure improves the condition of the asset beyond its originally assessed standard of performance or capacity. Outlays that do not meet the criteria for recognition as an asset are expensed in the financial year.

Basis of capitalisation and recognition thresholds

Items of property, plant and equipment with a historical cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Land	\$1
Building	\$10,000
Infrastructure assets	\$10,000
Plant and equipment	\$5,000 [^]

[^] Computer network includes all IT equipment individually below \$5,000 but are connected to the Entity's IT network, i.e. laptops, tablet etc.

Items with a lesser value are expensed in the year of acquisition.

Land improvements are included in either the building, or the infrastructure asset class based on their proximity to the asset to which they relate.

Componentisation of complex assets

Complex assets comprise separately identifiable components (or groups of components) of significant value, that require replacement at regular intervals and at different times to other components comprising the complex asset.

On initial recognition, the asset recognition thresholds outlined above apply to the complex asset as a single item. Where the complex asset qualifies for recognition, components are then separately recorded when their value is significant relative to the total cost of the complex asset. Components whose value exceeds 10% of the complex asset's total cost are separately recorded only where a material difference in depreciation expense would occur.

When a separately identifiable component (or group of components) of significant value is replaced, the existing component(s) is derecognised. The replacement component(s) are capitalised when it is probable that future economic benefits from the significant component will flow to the Entity in conjunction with the other components comprising the complex asset and the cost exceeds the asset recognition thresholds specified above. Replacement components that do not meet the asset recognition thresholds for capitalisation are expensed.

Components are valued on the same basis as the asset class to which they relate. The accounting policy for depreciation of complex assets, and estimated useful lives of components, is disclosed in Note C3-4.

C3-2 Measurement using historical cost

Plant and equipment is measured at historical cost in accordance with the *Non-Current Assets Policies for the Queensland Public Sector*. The carrying amount for plant and equipment is not materially different from their fair value.

C3-3 Measurement using fair value

Land, buildings and infrastructure assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment*, AASB 13 *Fair Value Measurement* and Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*. These assets are reported at their revalued amounts, being the fair value at the date of valuation.

Valuation of property, plant and equipment including key estimates and judgements

The fair value of land, buildings and infrastructure is measured as follows:

- where there is an active and liquid market for assets similar in type and condition, the fair value of an asset is its price in that market; and
- where there is no market price for the assets, fair value is either the depreciated replacement cost or the net present value of the cash flows from the asset.

The Board has adopted the following policies in respect of the measurement of fair value:

Class	Method of measurement of fair value	Frequency of measurement*
Land	Professional valuation – market value	5 years
Buildings	Professional valuation – market value/ current replacement cost	5 years
Infrastructure assets	Board adopted valuation – income approach	5 years

* Valuations are more frequent where the Board considers that there are indicators that period-end carrying values materially differ to their fair values.

The Entity has an established control framework with respect to the measurement of fair values. This includes a valuation team that oversees all significant fair value measurements, including Level 3 fair values, and reports directly to the General Manager Corporate Services. Discussions of valuation processes and results are held between the General Manager Corporate Services and the Audit and Risk Committee at least once a year in line with the Entity's annual reporting dates.

Land and buildings

The Board approved the remeasurement of land and buildings at fair value as at 30 June 2023.

The Entity engaged Colliers, as an external independent valuer, to provide valuation services for the Entity's land and building assets during the reporting period.

Land with a total value of \$35,284,715 (2022: \$26,496,275) representing reserve land is not included in the carrying value of land. As the land is retained by the Queensland Government, however, the economic benefit of the land accrues to the Entity and the land is administered by the Entity on behalf of the Department of Resources (held in their Statement of Financial Position).

Comprehensive revaluation by a professional valuer is undertaken every 5 years.

Infrastructure assets

An income-based approach to fair value (adopting market participant principles as required by accounting standard AASB13 *Fair Value Measurement*) was undertaken as at 30 June 2023. The income approach converts multiple future cash flow amounts to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

The following key estimates and judgements have been applied in adopting the income-based approach for valuation:

- a demand forecast for physical sale projections and ongoing levels of service requirements that is considered 'most likely' given current trends;
- estimated future cash flows, based on management's estimate, have been projected over 30 years and discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset;
- the Weighted Average Cost of Capital (WACC) discount rate of 6.6% (2022: 5.9%) has been used to discount cash flows and has been developed from a market participant perspective;
- future capital expenditure and related revenues relating to restructuring or improving asset performance have been included in the cash flows, including forecast expenditure on water supply augmentation from the financial year 2028 as set out in the *South East Queensland's Water Security Program 2016-2046 (Version 2)*;
- fixed and variable operational expenditure derived from the Board approved 2023-24 Budget, extrapolated post financial years based on forecast production;
- the projected regulatory asset base value (at a multiple of 1) has been used to compute the terminal value of the valuation; and
- drought likelihood probability has been factored into valuation inputs by the inclusion of a drought overlay scenario weighting, the drought and fair-weather blended profile is used when it is applicable.

The following pricing scenarios and weightings have been applied in the computed valuation of infrastructure assets. This approach is consistent with prior year's methodology of assigning likelihood weightings to pricing scenarios post 2028 when the current price path period concludes.

In the context of pricing scenarios, the current intention is to continue the bulk water price path which incorporates the repayment of Water Grid Debt by financial year 2028. Post this date the following pricing scenarios and weightings will be applied.

Pricing scenario	Scenario assumptions	2023	2022
1	QCA bulk water price path (including FY2023 reset) to FY2028, then annual CPI increases (2.5% pa)	40%	40%
2	QCA bulk water price path (including FY2023 reset) to FY2028, then full Maximum Allowed Revenue (MAR)* reversion from FY2029	10%	10%
3	QCA bulk water price path (including FY2023 reset) to FY2028, then a linear regression to MAR at next bulk augmentation completion date.	50%	50%

* Maximum allowed revenue (MAR) is the revenue the Entity can recover from its customers and is determined by the Queensland Competition Authority (QCA) with reference to four building blocks. These building blocks – operating expenditure, return on capital, return of capital and tax – are estimates of the various costs the Entity needs to incur to prudently and efficiently provide services to its customers over the regulatory period.

The occurrence of drought materially changes key estimates and inputs. As at reporting date, the combined dam level is above 74%, and the drought trigger probability of combined dam level below 50% is 0%. As a result the impact from drought on a blended model is not applicable on the asset valuation. The 2023 asset valuation has been prepared under the fair-weather assumption.

Valuation profile	Profile assumptions	2023	2022
Fair-weather	Base assumptions for demand, operational and capital expenditure and pricing.	100%	100%
Drought	Drought overlay assumptions factor in water restrictions, increased operational and capital expenditure, and pricing impacts.	0%	0%

Level 3 significant valuation inputs and relationship to fair value

The following summarises the quantitative information on significant unobservable inputs (level 3) used in measuring fair value.

Unobservable inputs	Nature and range of inputs	Relationship of unobservable input to fair value
Revenue forecast	Revenue cash flows for the financial year to (and including) financial year 2028 are based on the current QCA bulk water price path. The bulk water price post 2028 has been estimated using a building block approach and regulatory pricing principles. Demand forecast for physical sales projections have been forecast based on the 'most likely' growth scenario based on current trends.	A higher allowed rate of return increases the fair value. A higher demand forecast increases the fair value.
Operating expenditure	Operating expenditures are based on the corporate plans of management reflecting the expenditure required to operate and maintain the assets.	A lower operating expenditure increases the fair value.
Capital expenditure	Future capital expenditure required to ensure the security and reliability are based on <i>South East Queensland's Water Security Program 2016-2046 (Version 2)</i> , and the current Board approved Asset Portfolio Master Plan.	A lower future capital expenditure increases the fair value.
Terminal value	Terminal value is based on the QCA accepted regulated asset base and a terminal value multiple of 1.00 (2022: 1.00).	A higher terminal value and multiple increases the fair value.
WACC discount rate	A post tax nominal WACC of 6.6% with a range of 5.8% - 6.8% (2022: 5.9% with a range of 5.4% - 6.4%) has been applied in the valuation. The WACC discount rate used is based on professional valuation advice and management's assessment, it is considered the best estimate of a long-term view of the market cost of capital. It includes a non-asset specific risk premium to reflect the current market environment.	The higher the nominal WACC, the lower the fair value.

A fair value assessment for the Entity was undertaken as at 30 June 2023 using the income approach methodology which determined the fair value to be \$10.6B (2022: \$10.6B).

Inherent uncertainty

The current methodology, and management estimates used as part of the income approach fair value calculation, contain inherent uncertainty derived from:

- pricing regulation post 2028 and the weighted pricing scenarios;
- impacts of unforeseen droughts and floods to management estimates;
- impacts of unforeseen future population and consumption projections;
- the level of service obligations of a market participant in relation to expected capital augmentation outlays; and
- the restricted freedom of utilisation of the infrastructure asset base.

In assessing the scenarios, and the application of the weightings, the Entity considered:

- the likely expectations from Queensland Government in a hypothetical sale of the assets, particularly avoidance of price shock/volatility for consumers and providing certainty to a purchaser regarding the ability to earn an adequate return on investment;
- domestic and international precedents in regard to the sale of public assets; and
- the application of a regulated pricing framework.

Management have used the most reasonable assumptions and estimates available at this time, as the basis for the fair value modelling.

The income-based valuation calculates the value of the Entity as a whole. From this value other non-current assets (land, buildings, plant and equipment, and intangible assets) are deducted, and the remaining value is apportioned to individual infrastructure assets on the basis of their depreciated replacement cost or cost.

Accounting for changes in fair value

Any revaluation increment arising on the revaluation of an asset is credited to the revaluation surplus of the individual asset, except to the extent it reverses a revaluation decrement for the individual asset previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that individual asset.

For assets revalued using a market or income-based valuation approach – accumulated depreciation and accumulated impairment losses are eliminated against the gross amount of the asset prior to restating for the revaluation. This is generally referred to as the 'net method'.

C3-4 Depreciation

Property, plant and equipment is depreciated on a straight-line basis to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life.

Land is not depreciated as it has an unlimited useful life.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is completed, and the asset is first put to use or installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property, plant and equipment.

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

Depreciation rates

The estimated useful lives applied for the current and comparative periods are as follows:

Class of fixed asset	Useful life
Buildings	5 – 40 years
Infrastructure	
Dams and Weirs	10 – 150 years
Water treatment plants	5 – 100 years
Pipelines and others	5 – 150 years
Plant and equipment	
Motor vehicle and boats	3 – 15 years
Other equipment	3 – 15 years

C3-5 Capital expenditure commitments

Capital expenditure commitments inclusive of non-recoverable GST input tax credits if any, contracted for at reporting date but not recognised in the accounts are as follows:

	2023 \$000	2022 \$000
Property, plant and equipment		
Within one year	98,179	110,104
One year and no later than five years	17,619	13,451
More than five years	490	6
Total	116,288	123,561

C3-6 Impairment

Indicators of impairment and determining recoverable amount

All property, plant and equipment assets are assessed for indicators of impairment on an annual basis or, where the asset is measured at fair value, for indicators of a change in fair value/service potential since the last valuation was completed. Where indicators of a material change in fair value or service potential since the last valuation arise, the asset is revalued at the reporting date under AASB 13 *Fair Value Measurement*. If an indicator of possible impairment exists, the Entity determines the asset's recoverable amount under AASB 136 *Impairment of Assets*.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Accounting for impairment

For assets measured at fair value, the impairment loss is treated as a revaluation decrease and offset against the asset revaluation surplus of the asset to the extent available. Where no asset revaluation surplus is available in respect of the asset, the loss is expensed in the Statement of Comprehensive Income as a revaluation decrement. To the extent the original decrease was expensed through the Statement of Comprehensive Income, the reversal is recognised in income, otherwise the reversal is treated as a revaluation increase for the asset through asset revaluation surplus.

For assets measured at cost, the impairment loss is recognised immediately in the Statement of Comprehensive Income. Where an impairment loss subsequently reverses, impairment losses are reversed through income.

C3-7 Property, plant and equipment – balances and reconciliation of carrying amount

2023	Land \$000	Buildings \$000	Infrastructure			Plant and equipment \$000	Work in progress \$000	Total \$000
			Dams and weirs \$000	Water treatment plants \$000	Pipelines and other \$000			
Basis of measurement	Fair value	Fair value	Fair value	Fair value	Fair value	Cost	Cost	
Fair value category	Level 2	Level 2	Level 3	Level 3	Level 3			
Amount	901,489	12,984	3,234,933	2,661,967	3,301,091	64,674	348,186	10,525,324
Less: accumulated depreciation	-	-	-	-	-	(37,892)	-	(37,892)
Carrying amount at 30 June 2023	901,489	12,984	3,234,933	2,661,967	3,301,091	26,782	348,186	10,487,432
<i>Represented by movements in carrying amount:</i>								
Balance at 1 July 2022	765,626	11,471	3,267,673	2,739,077	3,364,473	27,602	264,347	10,440,269
Acquisitions	-	-	-	-	-	-	173,934	173,934
Transfer between classes	1,648	4,633	14,155	49,570	11,546	8,543	(90,095)	-
Valuation increments/(decrements) to P&L	3,077	(817)	-	-	-	-	-	2,260
Valuation increments/(decrements) to equity	134,802	592	-	-	-	-	-	135,394
Disposal	(3,664)	(2,285)	-	-	-	(199)	-	(6,148)
Depreciation for the year	-	(610)	(46,895)	(126,680)	(74,928)	(9,164)	-	(258,277)
Carrying amount at 30 June 2023	901,489	12,984	3,234,933	2,661,967	3,301,091	26,782	348,186	10,487,432
Carrying amount under cost model at 30 June 2023	505,057	11,100	1,702,691	1,835,691	3,128,557	26,782	348,186	7,558,064

C3-7 Property, plant and equipment – balances and reconciliation of carrying amount

2022	Land \$000	Buildings \$000	Infrastructure			Plant and equipment \$000	Work in progress \$000	Total \$000
			Dams and weirs \$000	Water treatment plants \$000	Pipelines and other \$000			
Basis of measurement	Fair value	Fair value	Fair value	Fair value	Fair value	Cost	Cost	
Fair value category	Level 2	Level 2	Level 3	Level 3	Level 3			
Amount	765,626	11,471	3,267,673	2,739,077	3,364,473	58,381	264,347	10,471,048
Less: accumulated depreciation	-	-	-	-	-	(30,779)	-	(30,779)
Carrying amount at 30 June 2022	765,626	11,471	3,267,673	2,739,077	3,364,473	27,602	264,347	10,440,269
<i>Represented by movements in carrying amount:</i>								
Balance at 1 July 2021	619,024	11,268	3,556,091	2,902,560	3,611,265	28,409	215,829	10,944,446
Acquisitions	-	-	-	-	-	-	154,869	154,869
Transfer between classes	15	-	8,002	80,818	9,650	7,866	(106,351)	-
Valuation increments/(decrements) to P&L	24,001	469	170	(4,508)	(89)	-	-	20,043
Valuation increments/(decrements)to equity	123,455	256	(248,964)	(107,058)	(183,276)	-	-	(415,587)
Disposal	(869)	-	-	-	-	(289)	-	(1,158)
Depreciation for the year	-	(522)	(47,626)	(132,735)	(73,077)	(8,384)	-	(262,344)
Carrying amount at 30 June 2022	765,626	11,471	3,267,673	2,739,077	3,364,473	27,602	264,347	10,440,269
Carrying amount under cost model at 30 June 2022	509,450	8,315	1,711,241	1,864,210	3,185,986	27,602	264,347	7,571,151

C4 Intangible assets

C4-1 Recognition of intangible assets

Intangible assets that are acquired by the Entity are initially measured at cost.

Items of intangible assets with a cost or other value equal to, or in excess of, the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Land easement	\$1
Software purchased	\$100,000
Other intangible	\$100,000

Items with a lesser value are expensed in the year of acquisition.

Where there is an active and liquid market, intangible assets are carried at a revalued amount; otherwise they are carried at cost after initial recognition. If revalued, the same rules apply as to those for property, plant and equipment.

It has been determined that there is not an active market for any of the Entity's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses, where applicable.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the profit or loss.

Intangible assets are subject to amortisation and impairment testing.

C4-2 Amortisation

Amortisation is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives applied for the current and comparative periods are as follows:

Class of intangible asset	Useful life
Land easement	70 – 150 years
Software purchased	5 years
Other intangible	40 years

C4-3 Capital commitments

All intangible capital expenditure commitments are within one year, the commitments as at 30 June are \$1.1M (2022: \$2.0M).

C4-4 Impairment

All intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Entity determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Intangible assets are principally assessed for Impairment by reference to the actual and expected continuing use of the asset by the Entity, including discontinuing the use of software and land easements. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and its value-in-use.

C4-5 Intangible assets – balances and reconciliation of carrying amount

2023	Land easements [^] \$000	Software purchased \$000	Other intangibles \$000	Software work in progress \$000	Total \$000
Gross	153,035	12,449	557	3,532	169,573
Less: accumulated amortisation	(20,336)	(9,579)	(557)	-	(30,472)
Carrying amount at 30 June 2023	132,699	2,870	-	3,532	139,101
<i>Represented by movements in carrying amount:</i>					
Balance at 1 July 2022	134,663	3,744	2,671	3,878	144,956
Acquisitions	-	-	-	353	353
Transfer between classes	-	699	-	(699)	-
Disposal	-	-	-	-	-
Amortisation for the year	(1,964)	(1,573)	(2,671)	-	(6,208)
Carrying amount at 30 June 2023	132,699	2,870	-	3,532	139,101

[^]The remaining amortisation period for land easements is 68 years.

2022	Land easements \$000	Software purchased \$000	Other intangibles \$000	Software work in progress \$000	Total \$000
Gross	153,035	14,704	5,002	3,878	176,619
Less: accumulated amortisation	(18,372)	(10,960)	(2,331)	-	(31,663)
Carrying amount at 30 June 2022	134,663	3,744	2,671	3,878	144,956
<i>Represented by movements in carrying amount:</i>					
Balance at 1 July 2021	136,616	2,859	2,793	6,190	148,458
Acquisitions	-	-	-	645	645
Transfer between classes	10	2,947	-	(2,957)	-
Disposal	-	-	-	-	-
Amortisation for the year	(1,963)	(2,062)	(122)	-	(4,147)
Carrying amount at 30 June 2022	134,663	3,744	2,671	3,878	144,956

C5 Trade and other payables

	2023 \$000	2022 \$000
Current		
Trade and other payables	56,780	36,616
Total	56,780	36,616

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

C6 Employee benefits

	2023 \$000	2022 \$000
Current		
Salaries and wages accrued	2,937	2,511
Liability for long service leave	12,128	12,552
Liability for annual leave	9,992	11,258
Other employee entitlements	-	6,947
Total	25,057	33,268
Non-current		
Liability for long service leave	2,980	3,185
Total	2,980	3,185

Long service leave movement

	2023 \$000	2022 \$000
Balance at 1 July	15,737	15,685
Additional provision made	2,129	2,320
Provision utilised through payments	(1,971)	(1,333)
Changes in discount rate / passage of time	(787)	(935)
Balance at 30 June	15,108	15,737

Wages, salaries, annual leave and sick leave

Liabilities for short-term employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided up to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Entity expects to pay as at the reporting date, including applicable related on-costs.

For those entitlements not expected to be paid within 12 months, the liabilities are recognised at their present value, calculated using yields on fixed rate high quality corporate bonds of similar maturity.

Non-vesting sick leave is recognised as an expense as it is taken.

Other employee entitlements

Other employee entitlements are payments due to a group of current and former employees that are on individual employment contracts that have been identified to be also covered by the Seqwater Enterprise Agreement and have not received their full entitlement at the reporting date.

Long service leave

The long service leave provision represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to balance date. The provision is calculated using the "shorthand measurement techniques" whereby 96% (2022:101%) valuation factor is applied to the aggregate accrued long service leave liability. The valuation factor is reviewed periodically by Mercer Consulting (Australia) Pty Ltd, an independent actuarial firm, to ensure that it remains appropriate. The last valuation date was 30 June 2023.

C7 Interest bearing liabilities

Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, and then subsequently held at amortised cost using the effective interest method.

Any borrowing costs are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise. Borrowings are split between current and non-current liabilities using the principles set out in the foreword and preparation information section of this financial report.

On 30 June 2023, QTC issued a letter confirming that the debt owing by the Entity under its long-term debt facility is not repayable within one year from 30 June 2023.

No assets have been pledged as security for any liabilities.

All borrowings are in Australian dollar denominated amounts with interest being expensed as it accrues, except for assets under construction (refer to Note B4). There have been no defaults or breaches of the loan agreement during the financial years. There is no early debt repayment planned.

Loan interest is payable monthly in arrears on the first day of the new month.

Carrying amount of outstanding loans were as follows:

	2023 \$000	2022 \$000
QTC – Water grid debt	1,639,687	1,916,142
QTC – Core debt	6,620,379	6,621,495
QTC – Long debt	641,835	641,835
Total	8,901,901	9,179,472
Loans interest payable – current	33,092	35,342
Loans principal - current	289,279	275,205
Loans principal – non-current	8,579,530	8,868,925
Total	8,901,901	9,179,472

The Weighted Average Borrowing Rate for QTC borrowings as at 30 June 2023 is 4.63% (2022: 4.64%). Interest payments are made monthly in arrears at rates ranging from 4.21% to 5.02% (2022: 4.21% to 5.00%). Refer to Note D1-2 for sensitivity analysis.

C7-1 Funding facilities

The State Borrowing Program funding application is submitted annually by the Entity and is approved by the Queensland Government. The funding facility is maintained by QTC. The Entity did not apply for the State Borrowing Program funding for 2022-23.

C7-2 Credit standby arrangement

	2023 \$000	2022 \$000
Drawn	-	-
Unused	200,000	200,000
Total	200,000	200,000

The credit standby facility remains fully undrawn at 30 June 2023 and is available for use in the next reporting period. The current overdraft interest rate is 3.85% (2022: 0.35%)

C7-3 Fair value disclosures for financial assets and liabilities measured at amortised cost

The Entity does not recognise any financial assets or financial liabilities at fair value, except for cash and cash equivalents.

The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

The fair value of borrowings which is determined for disclosure purposes is notified by QTC and calculated using discounted cash flow analysis and the effective interest rate. The fair value is determined by reference to published price quotations in an active market and reflects the value of the debt if the Entity repaid it in full at balance date. As it is the intention of the Entity to hold its borrowing for their full term, no adjustment provision is made in these accounts.

2023	Carrying amount \$000	Fair value \$000
QTC borrowings – loans	8,901,901	8,867,671
Total	8,901,901	8,867,671

2022	Carrying amount \$000	Fair value \$000
QTC borrowings – loans	9,179,472	9,436,750
Total	9,179,472	9,436,750

C8 Deferred tax assets and liabilities

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that that it is probable that they will not reverse in the foreseeable future. Deferred income tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset (DTA) is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. DTAs are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

C8-1 Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

2023	Assets \$000	Liabilities \$000	Net \$000
Property, plant and equipment	-	(1,139,831)	(1,139,831)
Lease liability	216	-	216
Provision for employee benefits	7,719	-	7,719
Tax losses	911,539	-	911,539
Government grant	77,815	-	77,815
Inventory	-	(808)	(808)
Accrued expenses	1,075	-	1,075
Total deferred tax assets/(liabilities)	998,364	(1,140,639)	(142,275)

2022	Assets \$000	Liabilities \$000	Net \$000
Property, plant and equipment	-	(1,121,358)	(1,121,358)
Lease liability	185	-	185
Provision for employee benefits	8,313	-	8,313
Tax losses	958,551	-	958,551
Government grant	81,229	-	81,229
Inventory	-	(607)	(607)
Accrued expenses	3,307	-	3,307
Total deferred tax assets/(liabilities)	1,051,585	(1,121,965)	(70,380)

C8-2 Movement in temporary difference during the year

	2022 \$000	Recognised in profit or loss \$000	Acquired in equity \$000	2023 \$000
Property, plant and equipment	(1,121,358)	21,829	(40,302)	(1,139,831)
Lease liability	185	31	-	216
Provision	8,313	(594)	-	7,719
Tax losses	958,551	(47,012)	-	911,539
Government grant	81,229	(3,414)	-	77,815
Inventory	(607)	(201)	-	(808)
Accrued expenses	3,307	(2,232)	-	1,075
Total	(70,380)	(31,593)	(40,302)	(142,275)

	2021 \$000	Recognised in profit or loss \$000	Acquired in equity \$000	2022 \$000
Property, plant and equipment	(1,269,601)	21,511	126,732	(1,121,358)
Lease liability	138	47	-	185
Provision	8,958	(645)	-	8,313
Tax losses	981,907	(23,356)	-	958,551
Government grant	84,644	(3,415)	-	81,229
Inventory	(443)	(164)	-	(607)
Accrued expenses	5,080	(1,773)	-	3,307
Total	(189,317)	(7,795)	126,732	(70,380)

C8-3 Tax losses

A DTA is recognised for unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilised. DTAs are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

During the year ended 30 June 2023, \$156,706,831 of tax losses were utilised (2022: \$77,852,282) with tax losses carried forward at 30 June 2023 amounting to \$3,038 million (2022: \$3,195 million). A DTA of \$911 million has been recognised in relation to these carry forward tax losses as it is considered probable that future taxable profits will be generated against which the tax losses could be utilised.

C9 Other liabilities

	Notes	2023 \$000	2022 \$000
Current			
Unearned revenue – government grant	B1-2	11,382	11,382
Other		352	92
Total		11,734	11,474
Non-current			
Unearned revenue – government grant	B1-2	247,999	259,382
Total		247,999	259,382

C10 Right of use assets and lease liabilities

C10-1 Leases as Lessee

Right-of-use assets

	2023 \$000	2022 \$000
Building lease		
Opening balance at 1 July	4,123	4,716
Additions	-	-
Depreciation charge	(592)	(593)
Disposals/Derecognition	-	-
Other adjustments	-	-
Closing balance at 30 June	3,531	4,123

Lease liabilities

	2023 \$000	2022 \$000
Current		
Lease liabilities	547	489
Non-current		
Lease liabilities	3,704	4,252
Total	4,251	4,741

The Entity measures right-of-use assets at cost subsequent to initial recognition. The Entity has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases and leases of low value assets. The lease payments are recognised as expenses on a straight-line basis over the lease term. An asset is considered low value where it is expected to cost less than \$10,000 when new.

Where a contract has both lease and non-lease components such as cleaning services, the Entity allocates the contractual payments to each component on the basis of their stand-alone prices. However, for leases of plant and equipment, the Entity has elected not to separate lease and non-lease components and instead accounts for them as a single lease component.

When measuring the lease liability, the Entity uses its incremental borrowing rate as the discount rate where the interest rate implicit in the lease cannot be readily determined. To determine the incremental borrowing rate, the Entity uses loan rates provided by QTC that correspond to the commencement date and the term of the lease.

Details of leasing arrangements as lessee

Office accommodation with non-related party	In June 2019, the Entity signed a 10-year commercial lease for office accommodation in Brisbane City. Lease payments for this lease are initially fixed and are subject to market rent review at the fifth year and fixed rent increments in other years, nil option to extend. Refer to Note C10-1 for further details.
Office accommodation lease with QLD Government	In March 2014, The Entity entered a 15-year office accommodation arrangement with the Department of Energy and Public Works for the Ipswich office. As this arrangement is under the Government-wide frameworks and categorised as procurement of services rather than as leases because the Department of Energy and Public Works has substantive substitution rights over the assets. The related expenses are included in Note B3.
Leasehold land	The Entity leases land from the Department of Regional Development, Manufacturing and Water. The total annual leasehold land payments are less than \$20,000. Due to the immaterial payment amount, the Entity is treating these leases under the low value exemption of AASB 16. The related payments are recognised as supplies and consumables in Note B3 when incurred.

	2023 \$000	2022 \$000
(i) Amount recognised in profit or loss		
Interest expense on lease liabilities	256	280
Expenses relating to office accommodation with QLD Government	2,669	2,792
Expenses relating to leasehold lands	27	23
(ii) Total cash outflow for leases	746	716

C10-2 Leases as Lessor

Details of leasing arrangements as lessor

The Entity receives revenue from various parties for the exclusive right-to-use of the assets.

Grazing leases	Amounts receive for the exclusive use of land areas for cattle grazing. These leases are registered on title and can be re-assigned to new landowners. In this instance, the underlying asset is catchment land which has an enduring life and is an integral component of water allocation, hence, the land cannot be sold without restrictions that ensure the quality of catchment water.
Property / Facility Lease	The Entity leases residential properties and commercial facilities in various catchment areas to third parties. Due to the nature of these assets and significance to the Entity's core business, none of these assets will be sold to the lessees.

Lease income from operating lease is reported as other revenue in Note B1-3. The Entity does not have any financial leases.

The following table sets out a maturity analysis of future undiscounted lease payments receivable under the Entity's operating leases.

	2023 \$000	2022 \$000
Less than one year	741	826
Between one and five years	2,088	1,471
More than five years	8,433	8,288
Total	11,262	10,585

C11 Asset revaluation surplus by asset class

2023	Land \$000	Building \$000	Infrastructure \$000	Total \$000
Balance at 1 July 2022	194,509	4,147	2,261,523	2,460,179
Revaluation increments	134,803	592	-	135,395
Asset revaluation on disposal	-	(1,057)	-	(1,057)
Deferred tax liabilities	(40,441)	140	-	(40,301)
Balance at 30 June 2023	288,871	3,822	2,261,523	2,554,216

2022	Land \$000	Building \$000	Infrastructure \$000	Total \$000
Balance at 1 July 2021	108,422	3,968	2,643,498	2,755,888
Revaluation increments / (decrements)	123,455	256	(539,298)	(415,587)
Asset revaluation on disposal	(474)	-	(6,380)	(6,854)
Deferred tax liabilities	(36,894)	(77)	163,703	126,732
Balance at 30 June 2022	194,509	4,147	2,261,523	2,460,179

The asset revaluation surplus represents the net effect of upwards and downwards revaluation of assets to fair value.

Section 4 – Notes about risk and other accounting uncertainties

D1 Financial risk disclosure

D1-1 Financial instrument categories

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Entity becomes party to the contractual provision of the financial instrument. The Entity has the following categories of financial assets and financial liabilities:

	Notes	2023 \$000	2022 \$000
Financial assets			
Cash and cash equivalents	C1	229,562	318,386
Trade and other receivables	C2	160,202	148,263
Total		389,764	466,649
Financial liabilities			
Trade and other payables	C5	56,780	36,616
Interest bearing liabilities – QTC borrowing	C7	8,901,901	9,179,472
Lease Liabilities	C10-1	4,251	4,741
Total		8,962,932	9,220,829

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

D1-2 Financial risk management

The Entity's activities expose it to a variety of financial risks including credit risk, liquidity risk, and interest rate risk. Exposure to financial risks is managed in accordance with the Entity's approved policies on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the financial performance of the Entity. The Entity measures risk exposure using a variety of methods as follows:

Risk exposure	Measurement Method
Credit risk	Ageing analysis
Liquidity risk	Maturity analysis
Market risk – interest rate	Sensitivity analysis

Credit risk exposure

Credit risk exposure refers to the situation where the Entity may incur a financial loss as a result of another party to a financial asset failing to discharge their obligations.

The Entity is exposed to credit risk through its customers, investments with QTC and deposits held with banks. The Entity has a concentration of credit risk from receivables due from its customers. The QTC cash fund is an asset management portfolio that invests with a wide variety of high credit rating counterparts. Deposits are capital guaranteed. Other investments are held with highly rated and regulated financial institutions and whilst not capital guaranteed the likelihood of a credit failure is considered remote.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross amount of those assets inclusive of any provisions for impairment. The carrying amount of receivables represents the maximum exposure to credit risk (refer to Note C2).

No collateral is held as security and no credit enhancements relate to financial assets held by the Entity.

The following table represents the Entity's maximum exposure to credit risk based on contractual amounts net of any allowances:

	Notes	2023 \$000	2022 \$000
Financial liabilities			
Guarantee	D2	1,455	735
Total		1,455	735

Liquidity risk

Liquidity risk refers to the situation where the Entity may encounter difficulty in meeting obligations associated with financial liabilities. The Entity is exposed to liquidity risk through its trading in the normal course of business and borrowings from the QTC for asset acquisitions and capital works. The Entity manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long-term, to cater for unexpected volatility in cash flows.

82% (2022: 79%) of QTC borrowings are interest only with no fixed repayment date for the principal component. For the purposes of producing the maturity analysis, only the principal amount has been allocated to the over five-year time band.

The following tables set out the liquidity risk of financial liabilities held by the Entity. It represents the contractual maturity of financial liabilities, calculated based on cash flows relating to the repayment of the principal amount outstanding at balance date.

2023	Payable in			Total \$000
	<1 year \$000	1-5 years \$000	>5 years \$000	
Financial liabilities				
QTC borrowings - loans	693,206	2,773,042	7,266,094	10,732,342
Lease liabilities	547	2,849	855	4,251
Trade and other payables	56,780	-	-	56,780
Total	750,533	2,775,891	7,266,949	10,793,373

2022	Payable in			Total \$000
	<1 year \$000	1-5 years \$000	>5 years \$000	
Financial liabilities				
QTC borrowings - loans	694,779	2,774,943	7,630,642	11,100,364
Lease liabilities	489	2,576	1,676	4,741
Trade and other payables	36,616	-	-	36,616
Total	731,884	2,777,519	7,632,318	11,141,721

Market risk – interest rate

The Entity is exposed to interest rate risk through its borrowings from QTC and cash deposited in interest bearing accounts. The risk in borrowing is effectively managed through QTC's capacity to issue securities with variable terms allowing an appropriate duration for debt. The Entity manages its loan portfolio by setting, monitoring and adjusting the terms and duration as allowed under its commercial financing contract with QTC.

The Entity does not trade in foreign currency and is not materially exposed to commodity price ranges.

Interest rate sensitivity analysis

The following sensitivity analysis depicts the outcome to the Statement of Comprehensive Income if interest rates change by +/- 1% from the year-end rates applicable to the Entity's financial assets and liabilities. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year. This is mainly attributable to the Entity's exposure to variable interest rates on its borrowings from QTC.

2023	Net carrying amounts \$000	-1%		+1%	
		Profit \$000	Equity \$000	Profit \$000	Equity \$000
Cash and cash equivalents	229,562	(2,296)	(2,296)	2,296	2,296
QTC borrowings – loans	8,901,901	3,408	3,408	(2,788)	(2,788)
Overall effect on profit and equity		1,112	1,112	(492)	(492)

2022	Net carrying amounts \$000	-1%		+1%	
		Profit \$000	Equity \$000	Profit \$000	Equity \$000
Cash and cash equivalents	318,386	(3,184)	(3,184)	3,184	3,184
QTC borrowings – loans	9,179,472	3,358	3,358	(2,946)	(2,946)
Overall effect on profit and equity		174	174	238	238

D1-3 Capital management

The Entity must give the responsible Ministers an estimate of its net profit for the year, and a recommendation on the amount of annual return to be paid. The recommendation is to be provided to Ministers between 1 and 15 May prior to the end of the financial year. Before the end of the financial year, the responsible Ministers must either approve the recommendation or direct the Entity to pay another amount (though not more than the estimated net profit previously advised) as decided under section 53 of the *South East Queensland Water (Restructuring) Act 2007*. The return must be paid within 6 months after the end of the financial year.

Annual return payable in 2023 is \$0 (2022: \$0).

	Notes	2023 \$000	2022 \$000
Total borrowings	C7	8,901,901	9,179,472
Total assets (excluding cash and cash equivalents)		10,812,197	10,755,904
Gearing ratio		82%	85%

D2 Contingencies

Insurance claims

The Entity has the following insurance claims in progress as at 30 June 2023:

- in relation to the Entity property damage (operational assets) caused by the late February/ early March 2022 extreme weather event;
- in relation to Entity property damage (residential property) caused by a water leak incident;
- in relation to an employment practices matter; and
- in relation to a personal injury matter involving a sub-contractor employee.

Financial guarantees and associated credit risk

	2023 \$000	2022 \$000
A guarantee provided to Stanwell Corporation Limited, in respect of the operation and maintenance agreement of the Wivenhoe Hydro Plant	200	200
A guarantee provided to Sandhurst Trustees Ltd, in relation to the lease premises at 200 Creek Street, Brisbane	525	525
A guarantee provided to Department of Transport and Main Road, in relation to the Canungra sewer main replacement project	720	-
A guarantee provided to Australian Energy Market Operator limited as a market participant to comply with certain prudential requirements	10	10
Total	1,455	735

No defaults have occurred and the Entity does not expect that the guarantee will be called upon. The guarantees are not recognised on the Statement of Financial Position as the probability of default is considered remote.

As financial guarantee contracts are measured in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, the Entity has disclosed the details of the guarantee in this note, in addition to Note D1-2 for full transparency purposes.

Litigation in progress

As at 30 June 2023, the following cases were filed in the courts:

- A claim against the Entity in respect of damages for personal injury allegedly incurred by a person carrying out works for a contractor engaged on the Leslie Harrison Dam Upgrade Project.
- A debt recovery claim and winding up order in respect of an outstanding costs order against a contractor, the Entity is named as plaintiff.

As at 30 June 2023, the Entity has joined six native title claims as a respondent in areas with Entity assets.

It is not possible to make a reliable estimate of the final amounts payable, if any, in respect to the litigation before the courts at this time.

D3 First year application of new accounting standards or change in accounting policy

Accounting standards applied for the first time

No new accounting standards or interpretations that apply to the Entity for the first time in 2022-23.

Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2022-23.

D4 Future impact of accounting standards not yet effective

All Australian accounting standards and interpretations with future effective dates are either not applicable to the Entity's activities or have no material impact on the Entity.

E1 Key management personnel (KMP) disclosures

E1-1 Details of Ministerial KMP and remuneration policies

The Entity's responsible Ministers are identified as part of the Entity's KMP, consistent with additional guidance included in the revised version of *AASB 124 Related Party Disclosures*. These Ministers are the Hon. Cameron Dick MP, Treasurer and Minister for Trade and Investment and the Hon. Glenn Butcher MP, Minister for Regional Development and Manufacturing and Minister for Water, commenced on the 19 November 2020.

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The Entity does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

E1-2 Details of non-Ministerial KMP and remuneration policies

The following details for non-Ministerial KMP reflect those positions that had authority and responsibility for planning, directing and controlling the activities of the Entity during 2022-23. Further information on these positions can be found in the body of the Annual Report under the section relating to Governance.

Board Members remuneration

Board members' fees include fees paid for membership of the Audit and Risk Committee, the Investment and Procurement Committee and the People and Culture Committee. The Board members who were paid, or were due to be paid directly or indirectly from the Entity were:

	2023		2022	
	Salary and fees \$	Superannuation contribution \$	Salary and fees \$	Superannuation contribution \$
David Hamill	113,500	14,684	113,500	11,397
Penny Tovey	57,500	7,439	57,500	5,774
Marita Corbett	60,823	-	63,252	-
John McEvoy	57,500	7,439	57,500	5,774
Catherine Mickel	54,000	6,986	54,000	5,423
Gail Ker	60,913	-	59,400	-
Total	404,236	36,548	405,152	28,368

Hon Dr D Hamill appointed as Chairman of the Board on 1 October 2018.

P Tovey appointed as Member of the Board on 1 October 2018.

M Corbett appointed as Member of the Board on 13 December 2019.

G Ker appointed as Member of the Board on 1 October 2020.

J McEvoy appointed as Member of the Board on 1 October 2020.

C Mickel appointed as Member of the Board on 1 October 2020.

Key executive management personnel

Position	Responsibilities
Chief Executive Officer (CEO)	Ensure the efficient, effective and economic administration of the Entity.
Chief Operating Officer (COO)	Manage medium and short-term planning to support bulk water supply services. Undertake the delivery of projects including the design and construction of upgrades and renewals on the Entity's infrastructure. Lead asset management and technical services including asset information, engineering, water quality and environment. Operation and maintenance of catchment and bulk water supply services to meet customer service requirements and regulatory obligations. Report on, and optimise, asset and operations performance.
General Manager Corporate Services	Provide bulk water supply service support functions including legal, financial, commercial services, quality, risk and compliance. Align corporate services to business requirements. Manage and report on corporate performance. Manage corporate assets including property, fleet and facilities.
General Manager People, Culture and Safety	Establish strategies and systems for human resource, health and safety. Provide human resource, health and safety leadership including recruitment, training, investigations, standards, and assurance. Lead culture development, organisational change management and employee engagement.
General Manager Major Projects	Set and implement the strategy and framework for planning and delivery of the Entity's high value capital projects across the bulk water supply network. Through dynamic multidisciplinary teams' plan and deliver large-scale capital projects.
General Manager Digital Technology Information	Develop and implement the Entity's strategic technology framework to maximise the value of technology related business investments that assist the Entity to achieve corporate and operational goals. Implement energy management systems and technologies. Support the development of new technologies that deliver efficiency and connectivity.
General Manager Customer, Strategy and Planning	Work directly with customers to manage service delivery, service regulation and water supply planning. Undertake research, regional and local area planning with a focus on water security. Manage pricing and regulatory frameworks. Develop and manage strategic direction, corporate planning, stakeholder engagement, community engagement, communications and education. Coordinate strategic relationships.
General Counsel and Company Secretary	Carry out corporate administration of the Entity with a focus on compliance to statutory and regulatory requirements. Align and report on requirements of the Board including internal audit, governance and control, fraud and corruption.

Key executive management remuneration policies

Remuneration policy for the Entity's key executive management is managed by the Board in accordance with the Queensland Government Policy for Chief and Senior Executive Employment Arrangements. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts.

Remuneration expenses for key executive management personnel comprise the following components:

- short-term employee expenses which include:
 - salary, allowances and leave entitlements earned and expensed for the entire year, or for the part of the year during which the employee was a key management person;
 - performance payments recognised as an expense during the year; and
 - non-monetary benefits - consisting of provision of a living-away-from-home allowance (LAFHA) with fringe benefits tax applicable to the benefit.
- long-term employee expenses include amounts expensed in respect of long service leave entitlements earned;
- post employee expenses include amounts expensed in respect of employer superannuation obligations;
- termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

1 July 2022 – 30 June 2023						
Position	Short-term employee expenses		Long-term employee expenses*	Post employment expenses	Termination benefits	Total expenses
	Monetary expenses	Non-monetary expenses				
	\$	\$	\$	\$	\$	\$
N Brennan – CEO	626,276	-	14,181	27,500	-	667,957
S Cassie – COO	448,063	-	(27,671)	27,500	-	447,892
F Zulli - A/COO	77,640	-	1,832	12,419	-	91,891
R Muir – GM	437,645	-	11,010	26,442	-	475,097
M Williams – GM	397,318	-	9,215	27,500	-	434,033
B van Heerden – GM	397,749	-	9,554	27,500	-	434,803
B Linaker – GM	404,036	-	9,225	27,500	-	440,761
M Hutchens - GM	359,188	-	7,813	27,500	-	394,501
W Harpham – GC	334,211	-	4,633	27,500	-	366,344
Total	3,482,126	-	39,792	231,361	-	3,753,279

N Brennan appointed as CEO on 20 August 2018.

R Muir appointed as GM on 18 September 2017.

M Williams appointed as GM on 4 November 2019.

M Hutchens appointed as GM on 11 April 2022.

S Cassie appointed as COO on 11 November 2019, left on 13 June 2023.

B van Heerden appointed as GM on 4 November 2019.

B Linaker appointed as GM on 21 October 2019.

W Harpham appointed as GC on 27 September 2019.

F Zulli acting as COO from 21 March 2023.

1 July 2021 – 30 June 2022						
Position	Short-term employee expenses		Long-term employee expenses*	Post employment expenses	Termination benefits	Total expenses
	Monetary expenses	Non-monetary expenses				
	\$	\$	\$	\$	\$	\$
N Brennan – CEO	523,732	-	22,805	27,500	-	574,037
S Cassie – COO	421,591	-	11,462	27,500	-	460,553
R Muir – GM	398,116	-	12,533	26,442	-	437,091
L Bruce – GM	162,171	-	(13,866)	12,892	-	161,197
M Williams – GM	331,168	-	8,866	27,500	-	367,534
B van Heerden – GM	348,978	-	9,336	27,500	-	385,814
B Linaker – GM	324,796	-	8,880	27,500	-	361,176
M Hutchens - GM	69,976	-	1,653	6,014	-	77,643
W Harpham – GC	268,116	-	9,490	25,874	-	303,480
Total	2,848,644	-	71,159	208,722	-	3,128,525

*Long-term employee benefits are accrued annually, when an employee leaves or takes long service leave the resulting entry is a reversal.

L Bruce appointed as GM on 25 November 2019, left on 23 November 2021.

Performance payments

In accordance with the Entity's Remuneration Policy, performance payments of key executive management are capped at 15% of total fixed remuneration. Performance bonuses are approved by the Board in line with the Queensland Government guidelines.

The cash performance bonuses for the 2022-23 year are yet to be determined by the Board.

The below amount includes an additional one off payment in the year to accommodate cessation of the scheme from 1 July 2023.

	Performance bonuses \$	Payment date
Performance payments during 2022-23 with respect to 2021-22 year, and cessation of scheme	331,244	29 September 2022 and 1 June 2023
Performance payments during 2021-22 with respect to 2020-21 year	-	N/A

E2 Related party transactions

Board members' transactions

Ms Marita Corbett was appointed as a Board member on 13 December 2019 and re-appointed on 24 October 2022. On 28 January 2020 the Board appointed Ms Corbett as Chair of the Audit and Risk Committee and Member of the Investment and Procurement Committee. Ms Corbett has arranged for her employer, BDO Service Pty Ltd (BDO) to invoice the Entity in respect of her Board and Committee remuneration, refer to Note E1-2. BDO provided professional and financial advisory services to the Entity, total amount paid \$700,039 (2022: \$451,923), and commitment at reporting date is \$814,229 (2022: \$491,167). Ms Corbett has no involvement in the provision of these services.

Ms Gail Ker was appointed as a Board member on 30 September 2020. Ms Ker's employment as the CEO of Access Community Services (ACS) ended during the 2021-22 reporting period. ACS is engaged by the Federal Government to provide employment facilitation-type services in the Wivenhoe and Gold Coast regions in which Seqwater operates. Ms Ker has no involvement in the provision of these services.

Transactions and outstanding balance with State of Queensland controlled entities

The Entity is controlled by the Queensland Government and as a result there are a significant number of interactions with other entities controlled by the same parent. The Entity procures services from a number of Queensland Government departments on normal commercial terms.

The following entities have the same controlling entity as the Entity and therefore are considered to be related parties. Transactions with these entities during the year are:

- QTC, a Queensland Government owned corporation, provided loan debt funding to the Entity under normal commercial terms and conditions, refer to Note C7.
- QCA - investigation and recommendation on the price practices as per the Minister's Referral Notice, total amount paid for the bulk water price review in 2022-23 is \$nil (2022: \$1,992,000) and nil commitment at reporting date;
- Department of Energy and Public Works – Lease of premise, total amount paid \$3,534,071 (2022: \$3,637,473), and commitment at reporting date is \$107,457;
- CS Energy – electricity energy supplier for the Entity, refer to Note B3; and
- Department of Regional Development, Manufacturing and Water provided CSO payments to the Entity for the provision of rural irrigation water, refer to Note B1-2.

E3 Climate risk disclosure

Whole-of-Government climate-related reporting

The State of Queensland, as the ultimate parent of the Entity, has published a wide range of information and resources on climate change risks, strategies and actions (<https://www.qld.gov.au/environment/climate/climate-change>) including the following key whole-of-Government publications:

- Climate Action Plan 2020-30 (<https://www.des.qld.gov.au/climateaction>)
- Queensland Energy and Jobs Plan (<https://www.epw.qld.gov.au/energyandjobsplan>)
- Climate Adaptation Strategy (<https://www.qld.gov.au/environment/climate/climate-change/adapting/strategy>)
- Queensland Sustainability Report (<https://www.treasury.qld.gov.au/programs-and-policies/esg/>)

Climate risk assessment

The Entity acknowledges that the climate is changing and that historic climate conditions are unlikely to represent conditions that will be experienced in the future. In recognition of this position, the Entity notes the most up to date, relevant climate change projections applying to operations and operating environments (currently Queensland Department of Environment and Science's future climate projections).

The financial statements have been prepared acknowledging the Entity's Climate Adaptation Strategy and the Queensland Government Climate Transition Strategy, Climate Action Plan 2020-30 and Built Environment and Infrastructure Sector Adaptation Plan.

The Entity considers specific financial impacts relating to climate related risks by identifying and monitoring material accounting judgements and estimates used in preparing the financial report. This includes the potential for changes in operations and cashflow, changes in the fair value of assets, and financing.

Operations and cashflow

The Entity's Climate Adaptation Strategy acknowledges the need for adaptation activity advancement in areas impacting water security, assets and infrastructure, research, communication, insurances, emergency management and catchment resilience, with each of these having the potential to impact financial resources.

Under the current regulatory framework, the Entity is able to recover expenditure that is prudent and efficient, with specified review events for drought, flood and other emergency responses. Given the regulatory ability to recover expenditure for these items, as well as variances in demand, it is palpable that any loss of financial resources associated with climate risk is temporary, with no permanent shortfall impacting on medium to long-term financial sustainability.

Asset valuation

The Entity considers climate change risk in the valuation of assets through the inclusion of drought associated scenario overlay, with the drought overlay valuing the impact that drought has on revenue, operations and investment.

At 30 June 2023 the drought overlay probability is 0% (2022: 0%) and is reflected in current year asset valuation.

Financing

The solvency of the Entity is guaranteed by written commitment from the Queensland Government, including the provision of funding facilities.

In the event of climate change related risks transpiring, short-term funding needs will be met under this commitment, with medium to long-term requirements assumed to be met via the pricing recovery mechanisms of the regulatory framework.

Management certificate for year ended 30 June 2023

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 40 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with s.62(1)(b) of the Act we certify that in our opinion:

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material aspects; and
- b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Queensland Bulk Water Supply Authority for the financial year ended 30 June 2023 and of the financial position at the end of that year.

We acknowledge responsibility under s.7 and s.11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

The Hon Dr David Hamill AM
Chairman

Neil Brennan
Chief Executive Officer

Mike Hutchens
General Manager Corporate Services



Signature 17/08/2023 6:06 PM



Signature 17/08/2023 3:17 PM



Signature 17/08/2023 3:04 PM

Date: 17 August 2023

Date: 17 August 2023

Date: 17 August 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Queensland Bulk Water Supply Authority

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Queensland Bulk Water Supply Authority.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2023, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of property, plant and equipment (infrastructure assets)

Refer to Note C3-3 of the financial statements.

Key audit matter	How my audit addressed the key audit matter
<p>Management has estimated the fair value of the entity's infrastructure assets to be \$9.2 billion as at 30 June 2023. The fair value measurement is based on an estimation of future cash flows discounted to a present value.</p> <p>The valuations are dependent on certain key assumptions that require significant management judgement including the following in respect of:</p> <ul style="list-style-type: none"> • Demand: estimation of long term population growth and consumption rates. • Discount rate: a nominal post-tax discount rate reflecting what a market participant would use. • Capital expenditure: estimating future capital required to meet demand, comply with legislative obligations and maintain service levels. • Bulk water pricing: uncertainty of price structure post 2028 and the use of weighted pricing scenarios. • Terminal value: a projected regulatory asset base value to compute the terminal value. 	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the discounted cash flow model, and assessing its design, integrity and appropriateness with reference to common industry practices. • Checking, on a sample basis, the accuracy and relevance of the input data used, including by reconciling input data to supporting evidence such as approved budgets. • Assessing the reasonableness of cash flow forecasts and terminal value estimates relative to the regulator-approved determination, board approved budgets, historical growth trends, long-term asset management plans and other relevant internal and external evidence. The reasonableness of board approved budgets was assessed with reference to their historical accuracy and the budget preparation process. • Evaluating whether the discount rate applied was within a reasonable range, with reference to market data and industry research. • Challenging the reasonableness of key assumptions based on our knowledge of the entity and industry. • Performing a sensitivity analysis to assist in considering the potential impact of reasonably possible changes (downside/upside) in these key assumptions. • Verifying the mathematical accuracy of the net present value calculations.

Useful lives estimated for depreciation expense

Refer to Note C3-4 of the financial statements.

Key audit matter	How my audit addressed the key audit matter
<p>The straight-line depreciation method used required significant judgements for:</p> <ul style="list-style-type: none"> Identifying the significant parts of infrastructure that have different useful lives. Forecasting the remaining useful lives of those significant parts. 	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> Evaluating management’s approach for identifying the parts of infrastructure that have different useful lives, having regard to recent replacement projects and long-term asset management plans. Evaluating remaining useful life estimates for reasonableness with reference to management’s documented assessments, historical disposal rates, condition assessments for older assets, and long-term asset management plans and budgets.

Responsibilities of the entity for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards, and for such internal controls as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor’s responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of forming an opinion on the effectiveness of the entity's internal controls, but allows me to form an opinion on compliance with prescribed requirements.

- Evaluate the appropriateness of material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Board, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2023:

- a) I received all the information and explanations I required.
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.

Asim

18 August 2023

Irshaad Asim
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Annual report requirements for Queensland Government agencies compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	Annual report – page 1
Accessibility	• Table of contents	ARRs – section 9.1	Annual report – Table of contents
	• Glossary		Annual report – Glossary
	• Public availability	ARRs – section 9.2	Annual report – About this report
	• Interpreter service statement	Queensland Government Language Services Policy ARRs – section 9.3	Annual report – About this report
	• Copyright notice	<i>Copyright Act 1968</i> ARRs – section 9.4	Annual report – About this report
	• Information Licensing	QGEA – Information Licensing ARRs – section 9.5	Not applicable to Seqwater
General information	• Introductory information	ARRs – section 10	Annual report – Chief Executive Officer report, Seqwater’s role, and Community awareness Corporate Governance Statement – About Seqwater – Corporate Profile
Non-financial performance	• Government’s objectives for the community and whole-of-government plans/specific initiatives	ARRs – section 11.1	Annual report - Commitment to Queensland Government Objectives
	• Agency objectives and performance indicators	ARRs – section 11.2	Annual report - Delivering on strategy
	• Agency service areas and service standards	ARRs – section 11.3	Annual report - About Seqwater, Performance, and Delivery on strategy
Financial performance	• Summary of financial performance	ARRs – section 12.1	Annual report – Financial performance, and Strengthen financial sustainability

Summary of requirement		Basis for requirement	Annual report reference
Governance – management and structure Governance – management and structure	• Organisational structure	ARRs – section 13.1	Annual report - Management and structure
	• Executive management	ARRs – section 13.2	Annual report - Executive management Corporate Governance Statement – Executive committees
	• Government bodies (statutory bodies and other entities)	ARRs – section 13.3	Annual report - Government bodies reporting summary
	• <i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	Annual report - Public sector ethics
	• <i>Human Rights Act 2019</i>	ARRs – section 13.5	Annual report - Human rights
	• Queensland public service values	ARRs – section 13.6	N/A
Governance – risk	• Risk management	ARRs – section 14.1	Annual report – Risk Management, and Standing committees of the Board Corporate Governance Statement - Board committees
Governance – management and accountability	• Audit committee	ARRs – section 14.2	Annual report - Standing committees of the Board Corporate Governance Statement - Board committees
	• Internal audit	ARRs – section 14.3	Annual report - Internal audit Corporate Governance Statement - Internal auditor
	• External scrutiny	ARRs – section 14.4	Annual report - External scrutiny
	• Information systems and recordkeeping	ARRs – section 14.5	Annual report – Information systems and record keeping, and Cyber security Corporate Governance Statement – Information systems cyber security and record keeping
	• Information security attestation	ARRs – section 14.6	Not applicable to Seqwater

Summary of requirement		Basis for requirement	Annual report reference
Governance – human resources	• Workforce planning and performance	ARRs – section 15.1	Annual report – Industrial relations and remuneration practices review Corporate Governance Statement - Diversity and inclusion
	• Early retirement, redundancy and retrenchment	Directive No.11/12 Early Retirement, Redundancy and Retrenchment ARRs – section 15.2	Not applicable to Seqwater
Open data	• Statement advising publication of information	ARRs – section 16	Annual report – Open data
	• Consultancies	ARRs – section 31.1	Annual report – Open data
	• Overseas travel	ARRs – section 31.2	Annual report – Open data
	• Queensland Language Services Policy	ARRs – section 31.3	Not applicable to Seqwater
Financial Statements	• Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	Annual report – Financial statements
	• Independent Auditor’s Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	Annual report – Financial statements

Glossary

AASB	Australian Accounting Standards Board	ISSB	International Sustainability Standards Board
ACS	Access Community Services	IFRS	International Financial Reporting Standards
AHD	Australian Height Datum	KMP	Key Management Personnel
APA	Australian Physiotherapy Association	KPI	Key Performance Indicator
ARR	Annual Report Requirements for Queensland Government Agencies	LGBTQ+	Lesbian, gay, bisexual, transgender, or queer
ATO	Australian Taxation Office	Ltd	Limited
BDO	BDO Services Pty Ltd	LTIFR	Lost Time Injury Frequency Rate
CEO	Chief Executive Officer	M	Million
COO	Chief Operating Officer	MAR	Maximum allowed revenue
CPI	Consumer Price Index	ML	Megalitres (Million litres)
CSO	Community Service Obligation	MP	Member of Parliament
Dr	Doctor	NPAT	Net Profit After Tax
DTA	Deferred Tax Asset	NTER	National Tax Equivalent Regime
EBIT	Earnings Before Interest and Tax	Pty Ltd	Proprietary Limited
FAA	<i>Financial Accountability Act 2009</i>	QAO	Queensland Audit Office
FFO	Funds from Operations	QCA	Queensland Competition Authority
FPMS	<i>Financial and Performance Management Standard 2019</i>	QGEA	Queensland Government Enterprise Architecture
FTE	Full Time Equivalent	QTC	Queensland Treasury Corporation
GC	General Counsel	SBFA	<i>Statutory Bodies Financial Arrangements Act 1982 Act</i>
GM	General Manager	SEQ	South East Queensland
GST	Goods and services tax	WACC	Weighted Average Cost of Capital
Hon.	Honourable		

117 Brisbane St, Ipswich QLD 4305
PO Box 328, Ipswich QLD 4305

communications@seqwater.com.au

www.seqwater.com.au

 facebook.com/seqwater

 twitter.com/seqwater

 [instagram #seqwater](https://instagram.com/seqwater)

Call 1300 737 928

