



# Seqwater Operational Plan 2023-24

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# Performance agreement

## Board statement and agreement of responsible Ministers

The Seqwater Operational Plan 2023-24 (the Plan) is presented in accordance with Chapter 2, Part 4 of the *South East Queensland Water (Restructuring) Act 2007* (Restructuring Act).

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

The Plan sets out Seqwater's financial and non-financial performance targets for the year, together with its major activities, objectives, undertakings, policies, investments, borrowings and approach to Sustainability, including Environment, Social and Governance (ESG) considerations. It aligns with Seqwater's *Strategic Plan 2023-27*.

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

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

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**Honourable Dr David Hamill AM**  
Chairperson

Date: 11/1/24

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**Honourable Cameron Dick**  
Deputy Premier, Treasurer and Minister  
for Trade and Investment

Date: 12 September, 2024

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

Date: 13 September 2024

## Chairperson's foreword

Seqwater is pleased to present its Operational Plan 2023-24 to its responsible Ministers.

Seqwater plays a critical role in the future economic success of South East Queensland, through forward planning, efficient operations and timely investment in infrastructure. In doing so Seqwater is part of a supply chain and works with its customers: Urban Utilities, Unitywater and the water businesses of the Gold Coast, Logan and Redland councils to ensure a safe, reliable and sustainable water supply to the region.

Seqwater must also comply with Government directives and policy. During the 2022-23 year, the Minister for Water directed Seqwater to adopt a temporary full supply level for Wivenhoe Dam of 80% to March 2023, and to undertake certain preliminary works for a proposed Toowoomba to Warwick water pipeline. Seqwater has now been directed to construct, own and operate this pipeline, which will continue into the 2023-24 year and beyond.

Population growth and climate change present significant challenges for water security, and Seqwater's forward planning highlights the need to increase the water supply capacity of the SEQ water grid. The 2032 Olympics is another important milestone on Seqwater's planning agenda both in terms of water supply and hosting the rowing events at Wyaralong Dam.

The Water Security Program provides the blueprint for action. Seqwater looks forward to finalising this plan in consultation with Government.

Seqwater must also comply with dam safety regulation, which requires capital investment at a number of major dams including Somerset, Wivenhoe, North Pine and Lake Macdonald. Seqwater has a legislative obligation to complete this work by 2035. These investments are a key priority for the business and a focus of this Operational Plan and Seqwater's Corporate Strategy. Seqwater will continue to work with responsible Ministers and their agencies to ensure these important projects move forward to achieve the legislative timelines.

Seqwater seeks to become a customer centric organisation and will work on refining how it interfaces with customers to better anticipate and respond to their needs.

Given the challenges ahead, Seqwater's social licence to operate is more important than ever. Meeting community and key stakeholder expectations in relation to social, environmental and governance matters is a continued focus.

As the business moves forward the importance of flexibility, adaptability and the freedom to focus resources where required will only increase and Seqwater will continue to pursue its vision of being an innovative leader, delivering the region's most precious resource for generations to come, while continuing to deliver a safe, sustainable and valued water supply to South East Queensland.

**Honourable Dr David Hamill AM**  
**Chairperson of Seqwater Board**

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# 1. About Seqwater

## 1.1 Organisational Context

### 1.1.1 Vision

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

### 1.1.2 Purpose

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

### 1.1.3 Promise

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

### 1.1.4 Values

Seqwater's corporate values are:

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

### 1.1.5 Seqwater's role

Seqwater is a critical part of the urban water supply chain in South East Queensland. Seqwater's role is to supply bulk treated drinking water to 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. Seqwater works with these retailer customers to achieve the best whole-of-system solutions.

Seqwater is also responsible for planning for future water security in South East Queensland, making investments and operating its assets to achieve the standards set by Government's Level of Service Objectives for the region.

Seqwater supplies water to about 1,200 irrigators and other customers who hold their own water entitlements in seven schemes, supporting agriculture and other industries in these regions. Seqwater also has arrangements in place to supply water to Toowoomba and Gympie regional councils and power stations operated by Stanwell Corporation and CleanCo.

Seqwater provides access to diverse recreation opportunities on the region's land and water storages to support the South East Queensland lifestyle, and operates Wivenhoe and Somerset dams to mitigate flood events and reduce the impacts for downstream communities.

## 1.2 Policies

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

### 1.2.1 Capital structure strategy and borrowings

Seqwater manages operations, investment and borrowings prudently and efficiently. Seqwater will continue to manage matters within its current control, such as prudent investment in infrastructure, efficient operating costs, interest rate risk management strategies and consideration of refinancing options as appropriate. Seqwater's debt to equity ratio projection is listed in Table 9.

No new debt or borrowings are anticipated in 2023-24 based on fair weather.

### 1.2.2 Treasury policy

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

### 1.2.3 Recreation policy

Seqwater has a Board-approved Recreation Policy Statement which outlines its commitment to providing access to diverse recreation opportunities on Seqwater's land and water storages without compromising its ability to provide safe, secure and cost-effective water and catchment services.

### 1.2.4 Human rights policy

Seqwater will respect, protect and promote human rights in its conduct and decision making.

Seqwater will continue to develop and provide employee awareness and training around its obligations under the *Human Rights Act 2019*, reviewing policies and procedures for compatibility with human rights, and considering opportunities to further embed human rights considerations into business processes.

### 1.2.5 Ministerial directives

Seqwater will comply with policy and other directives from the responsible Ministers and/or the Minister for Water.

This includes a direction to construct, own and operate the Toowoomba to Warwick pipeline.

## 2. Delivering on strategy

### 2.1 Strategic framework

Seqwater has five strategic objectives in pursuit of Seqwater's *Water for Life* vision - they are to:

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

Seqwater continues to build on its four priorities to strengthen the foundations of the business and the progress made in recent years, specifically in the areas of:

- contemporary capital planning and delivery
- asset information and management
- core processes and systems uplift
- culture, safety and capabilities.

In addition, Seqwater has set four strategic priorities to advance its critical programs:

- supply augmentation
- dam improvement program
- sustainability
- community awareness and customer centricity.

Seqwater's strategic framework is set out in its *Strategic Plan 2023-27*.

### 2.2 Sustainability and Environment, Social and Governance (ESG)

Seqwater recognises the importance of understanding and responding to its stakeholders' expectations, and is committed to aligning ESG and sustainability responses to whole-of-government approaches and targets. The timing and detail for implementing new financial disclosure requirements for ESG and sustainability under accounting and auditing standards is yet to be finalised for Australian corporations. Seqwater will maintain consistency with Queensland Government reporting, and follow Queensland Treasury guidance on what Seqwater will need to consider to ensure consistency with the state's overarching reporting frameworks for ESG and sustainability disclosures.

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 preserve water security for a growing population amidst a hotter climate with different rainfall characteristics. 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*.

In relation to greenhouse gas (GHG) emissions, 2023-24 will be the second year of implementing Seqwater's 2050 net zero roadmap. For scope 1 emissions Seqwater does not plan to procure Australian Carbon Credit Units (ACCUs) or similar instruments to 2030, with plans beyond 2030 to be developed.

The recoverability of these costs will be considered as part of the next bulk water price review and if included, are not expected to have a material impact on bulk water prices.

## 2.3 Undertakings

Seqwater has adopted strategic priorities to strengthen foundations and advance critical programs, which represent the most important areas of change and improvement for the business over the coming year.

Key challenges to the timing and delivery of our strategic priorities is certainty around issues such as:

- Flood mitigation capacity associated with dam upgrades
- Water security policy
- Funding arrangements for significant investments

### Strengthening the foundations

Table 1 details Seqwater’s undertakings for 2023-24 that will continue to strengthen its foundations.

			In 2023-24 Seqwater will:
	<b>Contemporary capital planning and delivery</b>	Enhance end-to-end capital planning, delivery and reporting.	<ul style="list-style-type: none"> <li>• Complete program strategic assessments and develop a new integrated Master Plan.</li> <li>• Complete rollout of new Capital Investment Lifecycle Framework including new support tools.</li> </ul>
	<b>Asset information and management</b>	Optimise capital and maintenance decisions through delivering the Asset Management Improvement Program and establish a customer centric approach.	<ul style="list-style-type: none"> <li>• Commence implementation of new Asset Management Work system.</li> <li>• Complete integrated Asset Management Plans.</li> </ul>
	<b>Core processes and systems uplift</b>	Ensure its enterprise environment remains secure, stable and fit for purpose. Align and deliver core architecture and technology improvements, continuing to deliver strategic system improvements in key areas.	<ul style="list-style-type: none"> <li>• Realise payroll improvement project benefits.</li> <li>• Develop implementation roadmap for the 'Concept of Operations' projects to enable automation of assets and integration of operational information.</li> <li>• Implement service management system improvements to automate business processes into workflows.</li> </ul>

			In 2023-24 Seqwater will:
	<b>Culture, safety and capabilities</b>	Improve safety and human resource processes, systems and governance.	<ul style="list-style-type: none"> <li>• Implement the People, Culture and Safety Strategy including focus areas of:                             <ul style="list-style-type: none"> <li>• talent</li> <li>• culture</li> <li>• risk management</li> <li>• enterprise bargaining and</li> <li>• employee and customer experience</li> </ul> </li> <li>• Implement its health and wellbeing strategy.</li> <li>• Strengthen employment governance and maintain compliance, including the implementation of the Fair Work Ombudsman Enforceable Undertaking.</li> </ul>

**Advancing critical programs**

To ensure that Seqwater continues to deliver on the strategic objectives into the future, Seqwater has identified four critical programs to prioritise over the next two years to enable us to continue to meet stakeholder expectations into the future.

Table 2 Advancing Seqwater's critical programs

			In 2023-24 Seqwater will:
	<b>Supply augmentation</b>	Respond to increasing demands and the future climate through augmenting supply capacity over the next 10 years.	<ul style="list-style-type: none"> <li>• Deliver a combined preliminary and detailed Business Case for the augmentation of the Gold Coast Desalination Plant by 45ML/day bringing total capacity to 178ML/day.</li> <li>• Deliver a combined preliminary and detailed Business Case for Wyalong Water Treatment Plant and associated infrastructure projects.</li> <li>• Investigate options for future augmentation, including additional desalination capacity, in accordance with Government policy direction.</li> </ul>
	<b>Dam improvement program</b>	Respond to the need to complete dam improvements by progressively delivering upgrades to 2035.	<ul style="list-style-type: none"> <li>• Somerset Dam: business case completed</li> <li>• Wivenhoe Dam: commencement of options analysis</li> <li>• North Pine Dam:</li> </ul>

In 2023-24 Seqwater will:			
			<ul style="list-style-type: none"> <li>options analysis for main upgrade works</li> <li>completion of combined options analysis and detailed business case for strengthening project</li> <li>Lake Macdonald: complete options analysis and detailed business case</li> </ul>
	<p><b>Sustainability and ESG</b></p>	<p>Maintain and grow Seqwater’s social licence to operate through making an appropriate and positive contribution in alignment with Government commitments.</p>	<ul style="list-style-type: none"> <li>Engage with key stakeholders on sustainability issues and investigate potential measures/actions, consistent with Government expectations.</li> <li>Comply with Whole-of-Government Sustainability Reporting requirements.</li> <li>Achieve a higher proportion of renewable energy, contributing to the State’s long-term renewable energy targets.</li> </ul>
	<p><b>Community awareness and customer centricity</b></p>	<p>Increase community knowledge, trust and understanding of water security issues planning and decision making. Engage with Seqwater’s customers to improve its understanding of their needs and meet those needs in a commercial manner.</p>	<ul style="list-style-type: none"> <li>Work with our Irrigation Customer Reference Groups to support the Queensland Competition Authority’s review of irrigation prices.</li> <li>Promote water literacy and water security awareness through community engagement and communication.</li> <li>Continue to build awareness and knowledge among the community and key stakeholders on Seqwater’s flood mitigation role and activities.</li> </ul>

## 2.4 Opportunities

Seqwater has identified a number of opportunities to take steps to address enterprise challenges. During 2023-2024 Seqwater will explore these opportunities further and develop appropriate responses.

Table 3 Seqwater's opportunities

Opportunity area	Opportunity	Realising the opportunity
<b>Revenue stability and funding certainty</b>	<ul style="list-style-type: none"> <li>Opportunity to review funding arrangements for major new investments, including the policy for bulk water prices post-2028 to provide price and revenue stability</li> </ul>	<ul style="list-style-type: none"> <li>Engage with Government on funding arrangements.</li> </ul>
<b>Market engagement and delivery certainty</b>	<ul style="list-style-type: none"> <li>Opportunity to increase certainty around delivery of future capital program by better engaging with and informing the market on requirements</li> </ul>	<ul style="list-style-type: none"> <li>Confirm Integrated Master Plan and communicate and engage with the market on these needs.</li> <li>Position Seqwater as a client of choice.</li> </ul>
<b>Maximising existing sources to defer supply augmentation</b>	<ul style="list-style-type: none"> <li>Opportunity to improve medium term water security and defer costs by ensuring existing source yields and supply commitments are optimised</li> </ul>	<ul style="list-style-type: none"> <li>Review and implement new contractual arrangements with Stanwell Corporation for the Tarong Power Station.</li> </ul>
<b>Appropriate powers and authorities</b>	<ul style="list-style-type: none"> <li>Opportunity to align Seqwater's planning and land acquisition powers with other utilities, to support investment in infrastructure to meet the needs of a growing region</li> </ul>	<ul style="list-style-type: none"> <li>Seek Government support for legislative and administrative reforms to align Seqwater with peer essential services utilities.</li> </ul>

## 2.5 Risks

Table 4 highlights the main risks to achieving the objectives of the Operational Plan 2023-24, and the actions that are being or will be taken to mitigate these risks. It is worth noting that these risks will evolve with time and as circumstances change.

Table 4 Risks

Risk	Risk description	Key mitigation strategies
<b>Tightening labour and construction market</b>	<p>With Seqwater's unprecedented level of capital projects coinciding with a large pipeline of infrastructure projects (global, Australia, and Queensland) and the 2032 Olympic Games, the construction market will be extremely competitive, and Seqwater may be unable to attract suitable contractors at an acceptable cost to deliver its critical projects.</p> <p>In addition to presenting challenges to the delivery of Seqwater's capital program, tightening labour markets are driving up employment costs. Shortage of skilled workforce over the coming 5+ years may put pressure on Seqwater's employee retention performance and future hiring requirements.</p>	<p>Seqwater has established a Portfolio Office to support planning and improved delivery of significant infrastructure projects over the next decade. Seqwater recognises that its delivery partners are essential to the timely and cost-effective delivery of key infrastructure projects. Strengthening relationships with industry, Seqwater engages with the market through industry forums, undertakes market sounding and forward planning with the market.</p> <p>As a public sector agency operating within the bounds of the Government Owned Corporations' wages policy, Seqwater has developed an employee value proposition that is in market and promoted to current employees to highlight a range of non-monetary tangible and intangible incentives and benefits associated with working at Seqwater.</p> <p>Seqwater has a suite of people policies, strategies and programs to support recruitment and selection, remuneration, flexible work arrangements (including widely available hybrid work arrangements), diversity and inclusion, health and wellbeing and professional and leadership development that drive continual improvement in culture and overall employee experience.</p> <p>Seqwater's Next Generation program provides graduate, apprentice and trainee opportunities to develop industry relevant skill gaps and a pipeline of suitably qualified water professionals.</p>
<b>Supply chain resilience</b>	<p>Local and global market conditions, supply chain challenges, geopolitical and economic issues, represent a risk of critical resources (goods, services, skills) not being available at the required quality, quantity, time and price.</p>	<p>Seqwater will continue to enhance its resource planning and financial governance practices to ensure resources are available within approved cost parameters and acceptable quality and timeframes. Capital investment, planning, procurement and delivery frameworks will continue to be streamlined in alignment with leading practices and with input received from key stakeholders, to enable and ensure successful delivery of projects and programs. Seqwater is maintaining a constant</p>

Risk	Risk description	Key mitigation strategies
<b>Cybersecurity and cyber terrorism</b>	With the increase in the number of cases globally and locally of cyber criminals attacking businesses to disrupt, coerce and/or obtain financial and other benefits, there is a risk of such attacks targeting critical infrastructure facilities, assets and systems including water distribution networks, and associated infrastructure and systems such as power supplies, transport systems and communications.	vigilance of and interaction with its supply chain partners with respect to operationally critical materials.  Cybersecurity management is an ongoing collaboration between Seqwater's people, process and technology, to safeguard its assets from digital threats that could disrupt its business operations and prevent it from meeting regulatory obligations. Seqwater has a cyber security team dedicated to dealing with cyberattacks and breaches and day-to-day security matters relating to both corporate and operational technologies. Continued cybersecurity awareness training and communications aim to educate employees, particularly first line responders, to quickly identify, validate and respond to cyber threats such as ransomware, phishing, and malware. Additional information on Cybersecurity is included in section 2.6.
<b>Natural disasters and extreme weather events</b>	The increasing severity and frequency of natural disasters and weather events such as floods, droughts, cyclones and bushfires, combined with extreme temperatures, more intense and changing rainfall patterns, and rising sea level present risks to SEQ's water security, supply and quality. Some of these underlying factors are directly or indirectly associated with climate change.	To ensure an enhanced level of resilience in Seqwater's operations across SEQ and to better coordinate emergency responses, Seqwater has emergency operations centres (EOCs) in Brisbane and Ipswich. In the event of an operational emergency, Seqwater can operate the EOCs (including 24-hour network control) 24 hours 7 days a week and work closely with the Bureau of Meteorology, the Dam Safety Regulator and water supply partners to enable timely responses to events as they evolve, minimise downstream impacts from dam operations and ensure safe and continuous water supply to the community. Seqwater will continue to undertake annual reviews of its operational, emergency and seasonal preparedness focusing on emergency operations, water quality, flood management, fire management, supply chain resilience and drought readiness, amongst other matters. These reviews are underpinned by training and exercises based on realistic scenarios to test the relevance and reliability of plans, procedures protocols and systems for responding to natural disasters and extreme weather events.  Seqwater is further developing a climate change adaptation strategy which provides guidance on a whole of business approach to considering expected future climate in organisational assessments, investments and decision-making processes.

Risk	Risk description	Key mitigation strategies
<b>Stakeholder expectations for ESG</b>	With the increased focus on environment, social and governance (ESG), there is an increased risk of not meeting the expectations of our key stakeholders and Government owners.	Seqwater has identified key focus areas in for ESG. It will align focus areas with expectations of key stakeholders. Further information provided in Section 2.2 ESG and sustainability, and 2.3 advancing critical programs.  With regard to expectations around climate change mitigation, Seqwater has developed and commenced implementation of a net zero road map that has a target of net zero greenhouse gas emissions (GHG) by 2050, consistent with Queensland Government GHG emissions target. Energy efficiency and renewable energy projects are planned and funded in the 2022-26 SEQ bulk water pricing period. A pilot carbon sequestration (tree planting) project is in planning for delivery.
<b>Volatility in key planning factors</b>	Seqwater's plans, budgets and forecasts are underpinned by factors including economic and market conditions, legal and regulatory obligations, stakeholder expectations, government policies, population growth, demand for water and climate change. There is a risk that inherent volatility in these factors may result in adverse impacts on the usefulness of the plan, budget and forecasts for governance, management and operational purposes.	Regular monitoring and reviews will be undertaken, with advice and input from experts, of Seqwater's plans, budgets and forecasts (relating to demand, revenue and expenditure) to manage this risk to the extent practicable.
<b>Financial sustainability</b>	Seqwater's capital program is forecast to increase significantly over coming years.	Seqwater is developing a financing strategy to support delivery of its forward capital program and operational requirements.

Seqwater is vulnerable to a range of fast and slow-moving threats with the potential to cause Seqwater to function outside its normal operating conditions. The *Emergency Management Manual* details Seqwater's approach and processes used to manage an incident or emergency as defined by the *Bulk Authority Emergency Response Plan*. The comprehensive approach to emergency management encompasses the management of risk originating from all hazards through a continuous cycle of Prevention, Preparedness, Response and Recovery.

## 2.6 Cyber security

Seqwater recognises cyber security as an enterprise risk. Seqwater has invested in strengthening this area as part of its Corporate Strategy over the past two years and has matured its capabilities and standards.

Our cyber security approach covers multiple standards including those that address IS18, *Security of Critical Infrastructure 2018 (SOC1)* and better practice standards such as National Institute of Standards and Technology (NIST). Seqwater has identification, protection, detection, response and recovery capabilities to address organisational cyber risks and to meet regulatory obligations.

Table 5 Cyber security reporting

Cyber security reporting	Response
What cyber security framework does Seqwater report against	<ul style="list-style-type: none"> <li>• Queensland Government Information Security Policy (IS18) and internally to Seqwater’s Audit and Risk Committee.</li> <li>• <i>Security of Critical Infrastructure 2018 (SOC1)</i>.</li> <li>• National Institute of Standards and Technology (NIST) Cybersecurity Framework and IEC 62443 international standards.</li> </ul>
What are the key activities planned for Seqwater’s cyber security systems?	<ul style="list-style-type: none"> <li>• Vulnerability Management Systems uplift and Security Awareness Program.</li> <li>• Monitoring for cyber threats moving from a “best effort” partial operation to a 24/7 operation.</li> <li>• Re-commencement of cyber security awareness training for Seqwater staff.</li> <li>• Monitoring Seqwater’s supply chain for data breaches.</li> <li>• Further improvements to resilience of digital assets to protect them against cyber threats such as ransomware.</li> </ul>

## 2.7 Business performance

Table 6 sets out Seqwater’s key performance indicators (KPIs) and targets. Performance against KPIs is measured annually and will be reported in Seqwater’s Annual Report 2023-24.

Seqwater’s performance is assessed against both strategic and operational targets.

The business performance measures are focussed on Seqwater’s external stakeholders:

- Community trust underpins Seqwater’s social licence to operate and is critical to support ongoing operational activities such as drinking water production, supply augmentation, drought response, managing the safety of dams, recreational services and flood mitigation.
- Seqwater’s responsible Ministers set the expectations and policy framework for the business, and Seqwater needs to understand and respond accordingly.

- Seqwater’s retailer and irrigation customers are critical to business success, and it is critical to understand the needs of the customers and deliver services accordingly, on a commercial basis.
- Meeting stakeholder and community expectations around sustainability, including ESG issues is an important contributor to our social licence to operate.

Table 6 Strategic key performance indicators

KPI	2023-24 Target
<b>Non-financial</b>	
Community trust	7.3
Shareholder satisfaction	Very Good
Retailer net promoter score (NPS)	1
Irrigator net promoter score	10

Table 7 Operational key performance indicators

KPI	2023-24 Target
<b>Non-financial</b>	
Retailer Water Quality Service standard performance	Schedule 2: 100% Schedule 3: 98%
Continuity of Supply	Zero outages >5 hours
Significant Projects – 2023/24 Schedule (top 10)	85% planned milestones achieved
Significant Projects – 2023/24 Budget (top 10)	+ 5% / - 10%
<b>Financial</b>	
EBITDA	\$832.6M
Interest Coverage	2.06 times

### 3. Service delivery

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

- a safe, reliable and affordable bulk drinking water supply in SEQ via its retailer customers
- water to irrigation, industrial and electricity generation customers
- long-term water security planning,

while also:

- providing public access to water and land-based recreation in and around its lakes
- providing flood mitigation services
- delivering its capital program with an emphasis on delivering its dam improvement program.

### 3.1 Operational performance information

Table 8 sets out operational performance measures. These will be reported against through quarterly performance reporting.

Table 8 Operational performance information

	2023-24				
	Q1	Q2	Q3	Q4	Full year
Lost time injury frequency rate <sup>1</sup>	≤3.5	≤3.5	≤3.5	≤3.5	≤3.5
Zones compliant with Australian Drinking Water Guidelines	100%	100%	100%	100%	100%

<sup>1</sup> Seqwater's target for injuries of any type is always zero with an upper maximum LTIFR of ≤3.5 for 2023-24.

## 4. Financials

Seqwater acknowledges the Queensland Government Savings and Efficiency Program for Government Owned Corporations and is committed to implementing savings measures consistent with Queensland Government and Government Owned Corporation policies. Seqwater will report on its progress to responsible Ministers through quarterly performance reports.

### 4.1 Financial summary

Table 9 sets out financial forecasts. These will be reported against through quarterly performance reporting.

Table 9 Financial forecasts<sup>2</sup>

	2023-24				
	Q1	Q2	Q3	Q4	Full year
Operating revenue \$000	293,774	306,286	298,822	289,549	1,188,431
Operating expenditure \$000	87,838	85,472	89,855	92,663	355,828
Depreciation and amortisation \$000	66,779	66,779	66,054	66,054	265,666
EBIT \$000	139,157	154,035	142,913	130,832	566,937
Net profit after tax (NPAT) \$000	36,952	52,722	42,503	(17,719)	114,458
Cash and cash equivalents \$000	153,243	122,343	128,689	200,000	200,000
Total current assets \$000	315,181	300,640	303,421	374,689	374,689
Capital expenditure \$000	62,083	62,303	37,180	65,134	226,700
Debt to equity ratio	5.68	5.46	5.28	4.90	4.90
FFO Interest coverage	1.36	1.52	1.42	1.31	1.41
Current ratio	0.99	1.22	1.71	0.92	0.92

<sup>2</sup> Rounding has been used in these calculations.

## 4.2 Assumptions

Seqwater's budget forecast is based on the assumptions outlined in Table 10 and is sensitive to a range of factors including economic, cost inputs for operating and capital expenditure.

Table 10 Assumptions

<b>Economic indices</b>	
Interest rates	As per Queensland Treasury Corporation (QTC) projected interest rates as at January 2023.
Inflation	<p>An inflation adjustment has been included in the operational expenditure base year, and inflation escalated in the 4 outer years using an average of 2.8% which is within the RBA inflation target range as at November 2022.</p> <p>The Capital Program has been escalated based on inflation as advised by the RBA in their November 22 report.</p>
<b>Revenue</b>	
Prices	Revenue is calculated from prices set by the responsible Ministers and through bulk water supply agreements. For bulk water, Seqwater has adopted prices directed by the Minister for Regional Development, Manufacturing and Minister for Water for 2023-27.
Bulk water sales volumes	<p>Sales volumes are sensitive to factors outside of Seqwater's control, most notably climatic conditions that are a large short-term determinant of water demand.</p> <p>Demand is built from Seqwater forecasts and Retailer Customers submitted medium-term demand projections to which Seqwater applies monthly profiling based on historical data where required. A 5% downward adjustment has been applied to these forecasts to account for uncertainty and risk. Seqwater will be seeking explanations for any variations during the year from the Retailer Customers, who have the direct relationship with the end user and are best placed to understand those variations.</p>
Regulated Revenue	<p>As bulk water prices are set on a 100% volumetric charge, regulated revenue will vary with actual demand. Hence Seqwater's revenue, and to a large extent profit, is very sensitive to the factors above governing bulk water sales, in particular climatic conditions during the year and their impact on water demand.</p> <p>Seqwater assumes the regulatory arrangements, whereby there is a true up for actual versus forecast revenue at the end of each regulatory period, continues along with corresponding adjustment to prices in the next regulatory period.</p> <p>There is no recognition in revenue of any asset or liability for the under or over recovery for differences between actual collections and Seqwater's Maximum Allowed Revenue (MAR). This will be considered in the next bulk water price review.</p>

<b>Operating expenses</b>	
Total operating expenditure	Developed using a top-down baseline budgeting methodology aligning to the QCA Report (March 2022), with adjustments for known differences and appropriate bottom-up budget requests.
Climatic events	<p>Seqwater's operational costs are sensitive to climatic events, such as minor or major flooding and drought. Seqwater has assumed no such events occur in its opex budget.</p> <p>Actual operating costs will be higher if there is flooding (e.g. repair costs, dirty water events, increases to labour costs, activation of the Flood Operations Centre, and operation of high-cost assets such as desalination). Should dry conditions occur operating costs could also be higher if Seqwater implements its drought response plan and changes operating strategy accordingly.</p> <p>Seqwater assumes it will continue to be able to recover these additional costs (net of insurance proceeds), through a formal process at the next bulk water price review through prices in the next regulatory period.</p>
Western Corridor Advanced Water Treatment Plant costs	The Operational Plan includes \$9.8m costs for operation of the Luggage Point AWTP (to supply industrial customers only as part of the Western Corridor Recycled Water Scheme) over and above the costs allowed in the QCA opex allowance. Seqwater assumes it will be able to recover these costs in prices from the next regulatory period.
<b>Capital</b>	
Phasing	Phasing of cash flows across quarterly increments has been attempted using best known estimates of timing and peer review.
Changes in forecasts	Project cashflows are reviewed regularly under Seqwater's Project and Program Governance processes to ensure projected timings and costs are formulated accurately. The 2023-24 capital program will be reviewed and updated on a monthly basis to align with expected cash outflows.
Project gateways	<p>A formal gateway approval structure is used throughout Seqwater for capital projects. Key projects and respective project status and investment approval status are detailed in section 4.4.2 Key Projects.</p> <p>Specifically, expenditure for the Toowoomba to Warwick pipeline is included in 2023-24.</p>
Approvals and BPIC	The capital program delivery timing assumes that Best Practice Industry Conditions (BPIC) for Seqwater are in place for relevant projects, including any whole-of-sector or Government-level requirements.

## 4.3 Financial statements

### 4.3.1 Statement of comprehensive income

Table 11<sup>3</sup>

	2023-24 budget				
	Q1	Q2	Q3	Q4	Full year
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Operating revenue</b>					
Water services	287,958	301,020	293,811	284,191	1,166,980
Interest income	1,364	814	559	948	3,685
Other revenue	4,452	4,452	4,452	4,410	17,766
<b>Total operating revenue</b>	<b>293,774</b>	<b>306,286</b>	<b>298,822</b>	<b>289,549</b>	<b>1,188,431</b>
<b>Operating expenses</b>					
Employee expenses	34,112	29,444	34,064	29,611	127,231
Supplies and services	53,726	56,028	55,791	63,052	228,597
<b>Total operating expenses</b>	<b>87,838</b>	<b>85,472</b>	<b>89,855</b>	<b>92,663</b>	<b>355,828</b>
<b>EBITDA</b>	<b>205,936</b>	<b>220,814</b>	<b>208,967</b>	<b>196,886</b>	<b>832,603</b>
Depreciation and amortisation	66,779	66,779	66,054	66,054	265,666
Other asset revaluations, losses and write downs	-	-	-	-	-
<b>EBIT</b>	<b>139,157</b>	<b>154,035</b>	<b>142,913</b>	<b>130,832</b>	<b>566,937</b>
Finance/borrowing costs	102,205	101,313	100,410	99,497	403,425
<b>Profit (loss) before income tax</b>	<b>36,952</b>	<b>52,722</b>	<b>42,503</b>	<b>31,335</b>	<b>163,512</b>
Taxation (expense) benefit	-	-	-	(49,054)	(49,054)
<b>Net profit (loss) after income tax</b>	<b>36,952</b>	<b>52,722</b>	<b>42,503</b>	<b>(17,719)</b>	<b>114,458</b>

<sup>3</sup> Rounding has been used in these calculations.

### 4.3.2 Statement of financial position

Table 12

	2023-24 budget			
	Q1	Q2	Q3	Q4
	(\$000)	(\$000)	(\$000)	(\$000)
<b>Current assets</b>				
Cash and cash equivalents	153,243	122,343	128,689	200,000
Trade and other receivables	143,645	160,004	156,439	156,396
Inventories	11,210	11,210	11,210	11,210
Other current assets	7,083	7,083	7,083	7,083
<b>Total current assets</b>	<b>315,181</b>	<b>300,640</b>	<b>303,421</b>	<b>374,689</b>
<b>Non-current assets</b>				
Property, plant and equipment	10,352,728	10,349,352	10,321,565	10,319,385
Other non-current assets	140,988	139,890	138,803	140,060
<b>Total non-current assets</b>	<b>10,493,716</b>	<b>10,489,242</b>	<b>10,460,368</b>	<b>10,459,445</b>
<b>TOTAL ASSETS</b>	<b>10,808,897</b>	<b>10,789,882</b>	<b>10,763,789</b>	<b>10,834,134</b>
<b>Current liabilities</b>				
Trade and other payables	33,654	36,957	44,306	35,731
Employee benefits	23,268	23,268	23,268	23,268
Interest payable	35,824	37,112	36,859	33,044
Interest bearing liabilities	216,536	143,052	70,204	304,217
Other current liabilities	225,165	148,837	73,145	11,473
<b>Total current liabilities</b>	<b>317,911</b>	<b>246,174</b>	<b>177,578</b>	<b>407,733</b>
<b>Non-current liabilities</b>				
Employee benefits	3,185	3,185	3,185	3,185
Interest bearing liabilities	8,579,510	8,579,510	8,579,510	8,275,293
Deferred tax liabilities	86,261	86,261	86,261	135,315
Other non-current liabilities	252,252	252,252	252,252	240,324
<b>Total non-current liabilities</b>	<b>8,921,208</b>	<b>8,921,208</b>	<b>8,921,208</b>	<b>8,654,117</b>
<b>TOTAL LIABILITIES</b>	<b>9,239,119</b>	<b>9,167,382</b>	<b>9,098,786</b>	<b>9,061,850</b>
<b>NET ASSETS</b>	<b>1,569,778</b>	<b>1,622,500</b>	<b>1,665,003</b>	<b>1,772,284</b>
<b>Equity</b>				
Contributed equity	(695,888)	(695,888)	(695,888)	(570,888)
Asset revaluation reserve	2,460,179	2,460,179	2,460,179	2,460,179
Accumulated profit (loss)	(194,513)	(141,791)	(99,288)	(117,007)
<b>TOTAL EQUITY (DEFICIENCY)</b>	<b>1,569,778</b>	<b>1,622,500</b>	<b>1,665,003</b>	<b>1,772,284</b>

### 4.3.3 Statement of cash flows

Table 13

	2023-24 budget				
	Q1	Q2	Q3	Q4	Full year
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Cash flow from operating activities</b>					
<i>Inflows</i>					
Receipts from water services	276,425	292,953	300,966	288,278	1,158,622
Receipts from leases, rentals and other	585	585	585	591	2,346
Interest received	1,364	814	559	948	3,685
<i>Outflows</i>					
Payments to suppliers and employees	(79,441)	(89,302)	(84,935)	(104,723)	(358,401)
Interest paid	(102,406)	(101,555)	(100,655)	(99,744)	(404,360)
<b>Net operating cash flows</b>	<b>96,527</b>	<b>103,495</b>	<b>116,520</b>	<b>85,350</b>	<b>401,892</b>
<b>Cash flow from investing activities</b>					
<i>Inflows</i>					
Proceeds from sale of plant and equipment	0	0	0	0	0
<i>Outflows</i>					
Payments for acquisition of property, plant and equipment	(62,083)	(62,303)	(37,180)	(65,134)	(226,700)
<b>Net investing cash flows</b>	<b>(62,083)</b>	<b>(62,303)</b>	<b>(37,180)</b>	<b>(65,134)</b>	<b>(226,700)</b>
<b>Cash flow from financing activities</b>					
<i>Inflows</i>					
QTC borrowings	0	0	0	0	0
Equity injection TTW	0	0	0	125,000	125,000
<i>Outflows</i>					
Lease payment	(195)	(195)	(195)	(192)	(777)
QTC borrowings – redemption	(71,006)	(71,897)	(72,799)	(73,713)	(289,415)
<b>Net financing cash flows</b>	<b>(71,201)</b>	<b>(72,092)</b>	<b>(72,994)</b>	<b>51,095</b>	<b>(165,192)</b>
Net increase (decrease) in cash held	<b>(36,757)</b>	<b>(30,900)</b>	<b>6,346</b>	<b>71,311</b>	<b>10,000</b>
Cash and cash equivalents at the beginning of the financial period	190,000	153,243	122,343	128,689	190,000
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b>153,243</b>	<b>122,343</b>	<b>128,689</b>	<b>200,000</b>	<b>200,000</b>

## 4.4 Capital program

Seqwater's 2023-24 capital program is budgeted at \$227M and includes planning and delivery estimates for key projects that remain subject to government approval. The planned program for 2023-24 includes significant capital expenditure to complete the South West Pipeline, continue the dam improvement program and upgrades at several water treatment plants, together with capital works to maintain its asset base to ensure continued supply of safe and reliable drinking water for South East Queensland. Seqwater's capital expenditure for 2023-24 is outlined in table 14.

### 4.4.1 Capital expenditure

Table 14<sup>4</sup>

	2023-24 budget				
	Q1	Q2	Q3	Q4	Full year
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Infrastructure capital	56,904	58,614	33,534	56,481	205,533
Non-infrastructure capital	5,179	3,690	3,646	8,688	21,203
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>62,083</b>	<b>62,304</b>	<b>37,180</b>	<b>65,169</b>	<b>226,736<sup>6</sup></b>

<sup>4</sup> The quarterly cashflow has been estimated utilizing a methodology based on forecast cashflows for major projects and past actuals for other BAU categories. This will be continually refined over time, in line with the APMP approach.

#### 4.4.2 Key projects

Key projects for 2023-24 are listed in Table 15.

Table 15

Project	Details	Project expected completion	2023-24 budget (\$000) <sup>6</sup>	Total project cost (\$000) <sup>7</sup>	Project status <sup>8</sup>	Investment approval level	Investment approval status
Projects over \$10 million							
South West Pipeline	A pipeline to connect Beaudesert to the SEQ Water Grid to secure long-term water supply.	2023-24	24,400	95,200	Deliver service	Responsible Minister	Ministerial approval received
Mt Crosby Weir Bridge structure upgrade	A new vehicle bridge is being constructed to improve flood resilient access between Mt Crosby East Bank and West Bank water treatment plants and upgrade safety to current standards.	2023-24	11,050	29,450	Deliver service	Board	Board approved
Mt Crosby East Bank Substation and enabling works	Upgrade of substation to 11kV and associated enabling works to increase flood resilience.	2027-28	3,130	35,600	Deliver service	Board	Board approved
Mt Crosby East Bank critical electrical infrastructure upgrade	Improve flood resilience through upgrade of the motors and pumps, electrical switchgear and motor control systems and upgrade of power distribution systems at the water treatment plant to match the substation voltage change to 11kV.	2026-27	8,097	49,400	Source suppliers	Responsible Minister	Ministerial approval received

<sup>6</sup> Project contingency has been separated from the 2022-23 capital expenditure budget and is not included in these figures.

<sup>7</sup> Total project cost is from the Board approved business case unless otherwise stated.

<sup>8</sup> Project status is in accordance with Queensland Treasury Project Assessment Framework.

Project	Details	Project expected completion	2023-24 budget (\$000) <sup>9</sup>	Total project cost (\$000) <sup>7</sup>	Project status <sup>8</sup>	Investment approval level	Investment approval status
Lake Macdonald Dam upgrade	Upgrade to comply with dam safety regulations	2031-32 <sup>9</sup>	989	TBD	Supplementary Business Case	Responsible Minister	Supplementary Business Case submitted to Government
Toowoomba to Warwick Pipeline	Construct a new pipeline to deliver raw water from Toowoomba to Warwick	2028-29 <sup>10</sup>	13,412	280,742	Detailed Business Case	Ministerial Direction	Ministerial direction received

## Notes:

1. The projects included above are the projects that have received detailed business case approval. Notification of capital projects between \$10 million and \$40 million will be included in this Plan and reported to the responsible Ministers through quarterly performance reports following Board approval of a detailed business case.
2. The figures above are draft and will change during the approval process of the Asset Portfolio Management Plan, including consideration of contingency and finalisation of budgets.

<sup>9</sup> The completion date of this project is subject to change (earlier completion date).

<sup>10</sup> The Ministerial Direction for this project may change the project completion date

# Attachment 1 – Employment and industrial relations

## Employment and industrial relations approach

To achieve its Water for Life vision, Seqwater needs to attract and retain a high performing, diverse workforce that has the right skills and capabilities to deliver operational and strategic initiatives now and in the future.

Seqwater recognises that having a high-performance culture is critical to its success and by living the values it aims to empower its people to deliver sound and innovative outcomes to continue to find a better way.

Seqwater is committed to the health and wellbeing of its people and provides a safe, constructive and flexible work environment that enables employees to be the best they can be.

Seqwater's continued improvement is enabled by a collaborative and consultative approach to employment and industrial relations.

Employment and industrial relations goals for 2023-24 are to improve human resource processes, systems, governance and culture through:

- negotiation and implementation of Seqwater's Enterprise Agreements
- continued improvements to industrial relations capability across leaders and employees to ensure correct application of the Agreement
- review of existing work practices across the business to identify more efficient approaches to work
- implementation of the Reconciliation Action Plan
- improved workforce planning and resourcing approaches
- strengthened industrial relations, employment governance and compliance through the implementation of industrial relations initiatives and improved systems, policies and processes.

Seqwater will continue to identify operating efficiencies and process improvements across all of its administration and operations activities to deliver value to the SEQ community.

## Significant and emerging issues

Seqwater’s People, Culture and Safety Strategy has identified three key themes in emerging issues for management of the workforce, detailed in Table 16.

Table 16

<p><b>Leadership and culture</b></p>	<p>Seqwater recognises the relationship that culture has with performance, productivity, employee engagement, attraction, retention and safety. Seqwater’s focus on leadership and culture will drive improved outcomes enhancing collaborative approaches and employee safety and wellbeing.</p> <p>In driving effective leadership and a constructive and safe culture Seqwater will implement a range of strategies and initiatives including but not limited to:</p> <ul style="list-style-type: none"> <li>• the implementation of a leadership strategy and supporting leadership programs to drive accountability and improved leadership capability in key areas including effective workforce management and employment relations</li> <li>• continue to embed leadership expectations, values, the Safe for Life promise and build trust across the organisation</li> <li>• continue the evolution of a diversity and inclusion culture</li> <li>• continue to build a recognition culture through the implementation of Seqwater’s recognition framework.</li> </ul> <p>With culture a priority Seqwater will transition over time to cultural assessment tools that provide greater opportunity for real time sentiment analysis, this enables the organisation to become aware of and respond to critical issues in a timely manner. By adopting a holistic approach to performance management, where improvement opportunities are sufficiently identified and managed and leaders are able to recognise and reward positive performance, Seqwater will be well placed to fulfil its strategic objectives and the operational needs of the business and ultimately SEQ.</p>
<p><b>Talent management</b></p>	<p>Seqwater recognises the important role that talent management plays in helping to deliver on business priorities.</p> <p>It is important to continue to attract, develop and retain talented, capable and engaged people. Seqwater will achieve this through the development and implementation of a talent management framework that identifies critical role succession and includes an attraction and retention strategy that aligns with its employment brand and diversity and inclusion strategy. This approach to talent management will embrace the broad range of benefits that a talented and diverse workforce brings, including improved employee engagement, enhanced reputation, improvements in productivity and a diversity in thinking and creativity.</p> <p>A balanced talent management strategy also considers the retention of existing talent. Seqwater will continue to build on its performance culture through the modernisation of existing frameworks to reflect the contemporary needs and challenges of the business. Seqwater’s approach to the management of performance will encompass the reward and recognition components along with the more traditional performance improvement areas.</p> <p>Seqwater remains committed to building its talent pipeline through the Next Generation program which incorporates trainee, apprentice and graduate programs. Driving diversity and innovation, these programs also support succession and workforce planning strategies.</p>

<b>Systems, process and governance</b>	<p>Seqwater values the importance of having robust workplace governance across all areas of employment and industrial relations. Strong employment relations governance increases trust and encourages positive behaviour of employees to act in alignment with Seqwater's values in their efforts, ultimately reducing duplication and waste of effort and resources.</p> <p>Seqwater is committed to introducing a contemporary human resources policy and procedure framework. This framework will incorporate the benefits of system design and the introduction of new technology empowering leaders to manage with confidence and provide the business the ability to achieve its objectives with confidence.</p>
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Key issues for Seqwater and its workforce in 2023-24 include:

- finalising and implementing the Enterprise Workforce Management Plan
- negotiation and implementation of Seqwater's Enterprise Agreements
- continuing to improve safety and organisational culture through targeted improvements in leadership capability and the revised leadership strategy
- delivering a contemporary talent management strategy that identifies and manages talent risks and opportunities, providing a platform for a sustainable workforce
- embracing the diversity of its people and fostering an inclusive culture in which people are empowered to be innovative and challenge the status quo
- providing safe workplaces where employees are treated with dignity and respect and where discrimination, harassment and bullying is not tolerated
- Implementing the legislative changes required under the *Fair Work Act 2009* resulting from the introduction of the "Secure Jobs Better Pay" Bill 2022
- proactive management of employee health and wellbeing.

## Employment and industrial relations plan

### Employment conditions

Seqwater is committed to complying with all applicable employment law jurisdictions, including the *Fair Work Act 2009*, the *Government Owned Corporations Wages and Industrial Relations Policy* and any other applicable State Government employment and industrial relations policies.

Seqwater engages employees under four employment arrangements:

- Common law contract – Fair Work Act 2009 and Water Industry Award 2020
- Common law contract – Seqwater Enterprise Agreement 2016-2019
- Common law contract – Seqwater Enterprise Agreement 2019-2023
- Seqwater Enterprise Agreement 2019-2023 (the Agreement).

The Agreement is a standalone agreement, and its scope of coverage application relates to all employees excluding senior managers. Senior managers are engaged through common law contracts that are underpinned by the Seqwater Enterprise Agreement 2016-2019.

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

For employees engaged under the Agreement on the Administration (AO) and Professional (PO) streams and for common law contract employees, ordinary hours of duty are 38 hours per week. The ordinary spread of hours is from 6am to 6pm Monday to Friday.

For employees engaged under the Agreement on the Operational (OO), Water (WO) and Trade (TO) streams, ordinary hours of work are an average of 38 hours per week to be worked on one of the following:

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

The 2019 Enterprise Agreement also covers and applies to all apprentices and trainees.

## Enterprise bargaining and productivity initiatives

### Enterprise bargaining

Seqwater Enterprise Agreement 2019-2023 was certified by the Fair Work Commission on 24 December 2020 and came into effect 31 December 2020. The Agreement has a nominal expiry date of 30 June 2023 and will remain in effect until a new Agreement is negotiated. The Seqwater Enterprise Agreement 2016-2019 continues in force until replaced or rescinded.

Seqwater began discussions for a replacement set of Enterprise Agreements in January 2023 in consultation with the Office of Industrial Relations and following approval of its' bargaining framework through the IR CEO's Committee processes.

### Productivity initiatives

Seqwater is committed to operating a financially prudent, efficient and sustainable business. Through ongoing efforts to identify and implement productivity initiatives and efficiencies, Seqwater will identify savings required in accordance with the *Government Owned Corporations Wages and Industry Relations Policy*.

## Management relationship with unions

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

Seqwater values constructive and timely working relationships with employees and their union representatives. Investing in this relationship, Seqwater has a Joint Consultative Committee (JCC). The JCC meets on a quarterly basis and comprises Industrial Organisers from industry unions and workplace delegates and will continue to build on and facilitate responsible working relationships with employees and industry unions.

### Consultation

Seqwater recognises the benefits of early consultation as part of being a successful employer of choice. Seqwater is committed to building on the strong foundations in place when consulting on a range of key employment and industrial relations matters. Key stakeholders in this process include, but are not limited to employees, industry unions, Queensland Treasury, Department of Regional Development, Manufacturing and Water and the Office of Industrial Relations (Queensland) on key employment and industrial relations matters.

### Employee flexibility

Seqwater is committed to providing work policies and practices that promote and support employees to work flexibly. Seqwater revised its accommodation strategy to consider the impacts of COVID-19 on the way work is conducted in conjunction with a focus on agile and activity-based working for its employees. Seqwater's Enterprise Agreement provides employees with flexible working options so it can support its people to balance individual needs with operational requirements and to ensure optimal delivery of performance and outcomes.

### Equal employment opportunity and anti-discrimination

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

Seqwater's policies and procedures reflect this commitment ensuring that it provides a safe workplace where employees are treated with dignity and respect and where discrimination, harassment and bullying is not tolerated.

### Job security and redundancy provisions

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

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

### Health, safety and wellbeing

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

Seqwater will achieve this by:

- identifying, assessing and controlling its risks through the application of simple and effective systems and eliminating workplace hazards wherever possible
- fostering a safety culture in which its people are accountable for their own safety and empowered to constructively challenge safety systems and performance at all levels
- changing the relationship with health, safety and wellbeing from one which is compliance driven to one which supports risk-based decision making and the application of the values – Integrity, Respect, Care and Courage - in its people's approach to safety in their everyday work
- communicating and consulting with its people and stakeholders to enhance its Health, Wellbeing and Safety systems
- applying organisational and industry learnings to support continued best practice
- developing objectives and targets which are monitored and measured to inform continual improvement opportunities
- supporting injured or ill employees return to work through the provision of appropriate injury management programs
- complying with legal and other requirements and actively promoting and supporting proactive safety leadership.

Seqwater's strategy includes the strategic objective to improve safety and organisational culture. In 2023-24 culture, safety and capabilities is a priority for Seqwater. It will focus on the following key areas:

- leadership and culture
- health and wellbeing
- embedding critical control management.

Seqwater maintains a Work Health and Safety Management System that is certified to ISO 45001.

## Contracting

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

Seqwater expects the contractor to also abide by all relevant industrial relations and regulatory compliance obligations and may request information from time to time, to ensure these obligations are satisfied. Seqwater is responsible for identifying and receiving alleged breaches of the Ethical Supplier Threshold and the Ethical Supplier Mandate. In instances of actual or suspected breaches, Seqwater will undertake the activities required by the Threshold and the Mandate to determine if a breach has occurred, and, if a non-compliance is identified will proceed according to the processes outlined in those documents.

## Workforce direction

Table 17 represents the budgeted positions for 2023-24 and includes vacant or planned roles, versus the 'point in time' actual reference. The two tables are not comparable.

Table 17

<b>Full time equivalent positions budgeted<sup>11</sup></b>	
<b>2023-24</b>	
<b>Employment category</b>	
<b>Directly employed workforce<sup>12</sup></b>	
Permanent <sup>13</sup>	713.2
Temporary <sup>14</sup>	82.8
CEO and Senior Executive contract <sup>15</sup>	8.0
Apprentices – in house <sup>16</sup>	10.0
Trainees – in house	28.0
Casual	0.0
Other	10.0
<b>Total directly employed workforce</b>	<b>852.0</b>
<b>Indirectly employed workforce</b>	
Apprentices – group	0
Trainees – group	0
Contractor and labour hire – trade/technical	0
Contractor and labour hire – professional/ administrative/ technical	9.0
Other	0
<b>Total indirectly employed workforce</b>	<b>9.0</b>
<b>TOTAL WORKFORCE<sup>17</sup></b>	<b>861.0</b>

<sup>11</sup> Figures represent budgeted positions for 2023-24.

<sup>12</sup> Direct workforce includes employees on the Seqwater's payroll, including permanent, temporary, casual employees and apprentices and trainees directly paid by Seqwater (in house).

<sup>13</sup> Permanent includes full-time and part-time.

<sup>14</sup> Temporary includes fixed term / maximum term contract (but not casual employees).

<sup>15</sup> Relates to the Chief Executive Officer and direct reports only.

<sup>16</sup> 'In house' apprentices and trainees are those employed directly by Seqwater for the term of the training contract (and would be covered under the Enterprise Agreement). 'Group' apprentices and trainees are those who fall outside of this classification.

<sup>17</sup> The above table represents the total workforce which are costed to both capital and operating expenditure.

## Superannuation

Seqwater employees can choose their own superannuation fund or join QSuper as the default fund. Seqwater will contribute at the rate of 12.75% per annum to all employee nominated superannuation funds from 1 July 2022, calculated on ordinary time earnings (at a minimum) as defined by section 6 of the *Superannuation Guarantee (Administration) Act 1992* (Cth). This contribution will remain aligned with the Queensland State Government directive, which is at a higher rate compared to the federal Superannuation Guarantee legislation, currently set at 10.50%.

Enterprise Agreement employees who join QSuper are entitled to benefits calculated in accordance with the governing rules of Qsuper. Employees may choose to contribute to their superannuation. Employees who are engaged on the Enterprise Agreement can vary their superannuation contribution rate between 0% and 5.0%. The employer contribution rate will remain at 12.75% irrespective of the QSuper scheme option chosen, as outlined in Table 18.

Table 18

Employee contribution	Employer contribution
0% of superannuable salary	12.75% of superannuable salary
2% of superannuable salary	12.75% of superannuable salary
3% of superannuable salary	12.75% of superannuable salary
4% of superannuable salary	12.75% of superannuable salary
5% of superannuable salary	12.75% of superannuable salary

The majority of employees who are members of QSuper have accumulation accounts. On 1 January 2023, 16 employees had QSuper defined benefit accounts. Defined benefits funds are not available to new employees. However, QSuper defined benefit members who join Seqwater are able to continue as defined benefit members.

## Board member and executive remuneration arrangements

### Board members

Table 19

Board members	Board fees <sup>18</sup> (\$)	Committee fees (\$)	Superannuation <sup>19</sup> (\$)	Total (\$)
Dr David Hamill AM, Chairperson	100,000	13,500	14,471	127,971
Marita Corbett	45,000	12,500	7,331	64,831
John McEvoy	45,000	12,500	7,331	64,831
Penny Tovey	45,000	12,500	7,331	64,831

<sup>18</sup> Board and Committee fees are annualised as at 1 January 2023. No allowance for future increases has been taken into account as not known at this point in time.

<sup>19</sup> Employer superannuation payments do not include salary sacrificed amounts; these are recorded in Board fee. Invoiced fees include a provision for superannuation.

Board members	Board fees <sup>18</sup> (\$)	Committee fees (\$)	Superannuation <sup>19</sup> (\$)	Total (\$)
Gail Ker	45,000	9,000	6,885	60,885
Catherine Mickel	45,000	9,000	6,885	60,885

### Chief Executive Officer and senior executives

Table 20

Executive	Base salary <sup>20</sup> (\$)	Employer superannuation contributions <sup>21</sup> (\$)	Total fixed remuneration <sup>22</sup> (\$)	Performance payment made <sup>23</sup> (\$)
Neil Brennan, Chief Executive Officer	567,240	27,500	594,740	0
Stuart Cassie, Chief Operating Officer	429,991	27,500	457,491	23,700
Ross Muir, General Manager Customer, Strategy and Planning	410,757	27,500	438,257	22,800
Mike Hutchens, General Manager Corporate Services	312,500	27,500	340,000	0
Barbara van Heerden, General Manager Major Projects	356,135	27,500	383,635	16,800
Bruce Linaker, General Manager Digital, Technology and Information	341,013	27,500	368,513	16,100
Melissa Williams, General Manager, People, Culture and Safety	341,013	27,500	368,513	19,000
William Harpham, Company Secretary and General Counsel	285,746	27,500	313,246	15,100

<sup>20</sup> Remuneration calculated based on annualised earnings as at 1 January 2023. No allowance for future salary increases has been taken into account as future increases are not guaranteed or known at this point in time.

<sup>21</sup> Employer superannuation payments do not include salary sacrificed amounts; these are recorded in base salary.

<sup>22</sup> While the base and superannuation components that make up the TFR totals are relevant as at 1 January 2023, note that the distribution of these components may vary due to employee voluntary decisions surrounding superannuation with respect to the QSuper employer co-contributions opportunity, or employee voluntary decision to have their super guarantee capped as per the Maximum Super Contributions Base.

<sup>23</sup> Performance payments made to the CEO or Executives during 2022-23 are for the 2021-22 financial year.

## Attachment 2 – Sponsorship, advertising, corporate entertainment and donations

Table 21

Project	Benefit	2022-23	2022-23	2023-24	Q1	Q2	Q3	Q4
		budget	estimates / actuals	budget				
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Sponsorship <sup>24</sup>								
		0	0	0	0	0	0	0
		0	0	0	0	0	0	0
		0	0	0	0	0	0	0
Water industry events and sponsorship	a.	100	38.7	55	37.5	8.5	4.5	4.5
<b>Total over \$5,000</b>		<b>100</b>	<b>38.7</b>	<b>55</b>	<b>37.5</b>	<b>8.5</b>	<b>4.5</b>	<b>4.5</b>
Other (total) below \$5,000		0				0	0	0
<b>TOTAL</b>		<b>100</b>	<b>38.7</b>	<b>55</b>	<b>37.5</b>	<b>8.5</b>	<b>4.5</b>	<b>4.5</b>
Advertising <sup>25</sup>								
Public education - <i>Play it safe</i> campaign	b.	50	50	50	5	40	5	0
Dam release notification service	c.	25	5	25	5	10	10	0
Drought response		0	0	0	0	0	0	0
Community Engagement	d.	200	5	40	10	10	10	10
<b>Total over \$5,000</b>		<b>275</b>	<b>60</b>	<b>115</b>	<b>20</b>	<b>60</b>	<b>25</b>	<b>10</b>
Other (total) below \$5,000		0	0	0	0	0	0	0
<b>TOTAL</b>		<b>275</b>	<b>60</b>	<b>115</b>	<b>20</b>	<b>60</b>	<b>25</b>	<b>10</b>

<sup>24</sup> The association of Seqwater's name with a sponsored organisation's service, product or activity, in return for negotiated and specific benefits.

<sup>25</sup> Messages paid for by Seqwater intended to educate or inform the people who receive them (excludes recruitment advertising).

Project	Benefit	2022-23	2022-23	2023-24	Q1	Q2	Q3	Q4
		budget	estimates / actuals	budget				
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Corporate entertainment <sup>26</sup>								
Total over \$5,000		0	0	0	0	0	0	0
Other (total) below \$5,000		0	0	0	0	0	0	0
<b>TOTAL</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Donations <sup>27</sup>								
<b>Total over \$5,000</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other (total) below \$5,000		0	0	0	0	0	0	0
<b>TOTAL</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other related activities								
Total over \$5,000		0	0	0	0	0	0	0
Other (total) below \$5,000		0	0	0	0	0	0	0
<b>TOTAL</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL ACTIVITES</b>		<b>375</b>	<b>98.7</b>	<b>170</b>	<b>57.5</b>	<b>68.5</b>	<b>29.5</b>	<b>14.5</b>

Table 21 lists budgeted sponsorships, advertising, corporate entertainment and donations as at March 2023. Sponsorship opportunities that arise during the financial year are assessed on a case-by-case basis against business strategy for alignment and benefit. Expenditure against any additional approved sponsorships is reported to the responsible Ministers in the quarterly performance reports.

#### Benefit notes:

- a. Seqwater will provide financial support to a range of water industry or community events, such as the Australian Water Association's QWater Conference and WaterAid Australia events. These events provide learning and development opportunities for employees to recognise outstanding achievement in the water industry and enable the Australian water industry to support improvements in water and sanitation in developing countries.

<sup>26</sup> Seqwater hospitality offered to corporate customers, key stakeholders and interest groups.

<sup>27</sup> A voluntary transfer of money or property by Seqwater that the organisation receives no material benefit or advantage for. Seqwater does not make monetary donations.

- b. The *Play it safe* public education campaign promotes visitor safety at Seqwater dams and recreation assets. Research shows many people do not have the same level of awareness about safety around lakes as they do in pools or at the beach. More than a third of all drowning deaths (35%) in Australia are on inland waterways – rivers, creeks and dams; that is more than beaches and pools combined (31%). Public education includes advertising to remind the more than three million people who visit Seqwater’s lakes, dams and parks each year to plan ahead and follow safety rules.
- c. The dam education series educates the community about Seqwater’s dam operations and encourages the community to register for Seqwater’s dam release notification service to be advised when gated dams are releasing water and un-gated dams are spilling. This advertising to raise public awareness of the service supports the recommendations from the 2015 Inspector-General of Emergency Management’s dam communication review.
- d. Other advertising campaigns to respond to emerging events and requirements.

## Attachment 3 – Community service obligations

Table 22 sets out the fixed community service obligations (CSO) to be paid in 2022-23 and the fixed estimated<sup>28</sup> community service obligations (CSO) payments for water entitlements by water supply scheme that the Department of Regional Development, Manufacturing and Water is expected to pay to Seqwater for the period 1 July 2023 to 30 June 2024. Table 23 sets out the CSO calculation paid for water usage in 2021-22. Figures will be calculated once usage is known at the end of the water year.

Table 22 Estimated CSO payments 2023-24

Water supply schemes	CSO payment 2022-23 (\$) <sup>10</sup>	CSO estimated Payment 2023-24 <sup>10</sup>
<b>Bulk schemes</b>		
Cedar Pocket	\$164,096	\$166,732
Central Brisbane River	\$7,348	\$7,548
Central Lockyer Valley	\$456,562	\$465,322
Lower Lockyer Valley	\$643,348	\$634,712
<b>Channel distribution schemes</b>		
Morton Vale Pipeline (Part A)	\$90,210	\$85,065
Morton Vale Pipeline (Part C)	\$4,715	\$4,865
Pie Creek	\$277,097	\$281,748

Table 23 Variable CSO forecast payments 2023-24 (usage volumes (ML))

Water Supply Schemes	2021-22 Actual Amount (\$)	2023-24 Forecast Amount (\$)
<b>Bulk schemes</b>		
Cedar Pocket	\$7,138	37.11 x Water usage (ML)
Central Brisbane River	\$492	0.46 x Water usage (ML)
Central Lockyer Valley (Low Priority Group)	\$37,192	11.77 x Water usage (ML)
Central Lockyer Valley (Medium Priority Group)	\$623	1.99 x Water usage (ML)
Lower Lockyer Valley	\$4,400	12.10 x Water usage (ML)
<b>Channel distribution systems</b>		
Morton Vale Pipeline (Part A)	\$743	4.65 x Water usage (ML)
Morton Vale Pipeline (Part C)	\$218	1.36 x Water usage (ML)
Pie Creek	\$16,712	192.02 x Water usage (ML)

<sup>28</sup> Based on CSO Agreement signed 20 June 2022.