



**Seqwater Annual Report 2020-21**  
Supporting Queensland's Recovery



21 September 2021

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

The Honourable Glenn Butcher  
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 2020-21 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 86 of this annual report.

Yours sincerely

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

**The Honourable (Hon.) Dr David Hamill AM**  
Chairman

# About this report

This annual report records Seqwater's achievements in 2020-21. Performance is measured against the objectives and targets established in the Strategic Plan 2020-21 – 2023-24 and Operational Plan 2020-21 and details financial performance for the year.

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

- *Financial Accountability Act 2009*
- *Financial Performance Management Standard 2019*
- *South East Queensland Water (Restructuring) Act 2007*
- *Annual report requirements for Queensland Government agencies (2020-21 reporting period).*

The report is available on Seqwater's website <https://www.seqwater.com.au/corporate-publications>

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.

## Your feedback is welcome

Please contact Seqwater's Strategy, Research and Performance team

Telephone: **1300 737 928**

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## Acknowledging the First Australians

Seqwater respectfully acknowledge the Traditional Owners of the land, catchments and waterways on which it works, and pay respects to Elders past, present and emerging.

Seqwater Annual Report 2020-21

ISSN: 1837-4549

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# About Seqwater

Seqwater is a statutory authority established by the Queensland Government under the *South East Queensland Water (Restructuring) Act 2007* and 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.

Seqwater's purpose is to work with its customers to ensure provision of water for households, industry, agriculture and power generation along with maintaining popular recreational facilities and managing dams.

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

It owns and operates the South East Queensland (SEQ) Water Grid, a 600 km two-way pipeline network that enables treated drinking water to be moved around the region, within the capacity limitations of those pipelines.

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

In addition to urban bulk water supply, Seqwater supplies irrigation water to around 1,200 customers through seven schemes. Seqwater also has arrangements in place to supply water to Toowoomba and Gympie regional councils and power stations operated by Stanwell Corporation and CleanCo and provides access to diverse recreation opportunities on many of Seqwater's land and water storages.

Seqwater is committed to its contribution to the Queensland Government objectives for the community.

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

Investment in the SEQ Water Grid and other water infrastructure supports a strong economy and ensures water now and for future generations.

Seqwater is committed to protecting the region's drinking water supply catchments and collaborating with government, industry and SEQ communities to improve catchment health.

Involving the people who live and work in the region in planning is fundamental to shaping a shared water future.

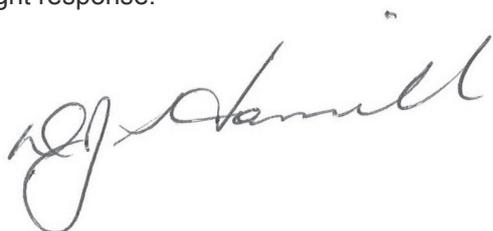
Seqwater regularly engage with its stakeholders, customers and communities to understand their needs and expectations. This planning contributes to the SEQ regional planning.

# Foreword

The on-going threat of the COVID-19 pandemic and prevailing drought conditions in SEQ during 2020-21 were a reminder of the critical role Seqwater plays in supporting a healthy, livable and prosperous community. Seqwater is committed to supporting the Queensland Government in keeping Queenslanders safe in its response to the COVID-19 pandemic and to supporting Queensland's economic recovery through maintaining a safe and secure water supply.

The COVID-19 threat continued to challenge the business throughout 2020-21. With safety and wellbeing a priority, non-frontline employees worked from home from March to August 2020 and site restrictions were implemented to ensure the safety of the frontline workforce. Non-frontline employees commenced a gradual return to the workplace from August 2020 with processes and protocols implemented to ensure a safe return. All workers will return with minimum workplace presence expectations from 1 July 2021 within an adaptive response plan.

The drought continued across SEQ over the year with the SEQ Water Grid combined storage levels continuing to fall, particularly the region's central dams, Wivenhoe, Somerset and North Pine. Wivenhoe Dam, the region's largest and most important drinking water storage, dropped to low levels not seen since the Millennium Drought more than a decade ago. In response, Seqwater has optimised the use of the SEQ Water Grid, moving drinking water from its close to capacity coastal storages to take the pressure off its central dams and utilising climate independent water sources. Production at the Gold Coast Desalination Plant was increased up to 100% capacity as required and the Western Corridor Recycled Water Scheme was utilised to substitute water from dams to power stations with purified recycled water. A region-wide water conservation campaign saw the community reduce its water use over the year to help the drought response.



**The Hon. Dr David Hamill AM**  
Chairman

At year end the SEQ Water Grid combined storage level was 60.2% and the combined Wivenhoe and Somerset storages was 49.0%, approximately 6.8% lower than at the same time last year. Accordingly, Seqwater will continue to implement the region's drought response plan into 2021-22 as required.

Seqwater's \$124.3 million investment in infrastructure and non-infrastructure projects over the year not only ensures critical water supply infrastructure for the delivery of a safe and secure bulk drinking water supply now and into the future, it creates jobs and supports a thriving economy.

Its capital program included the ongoing dam improvement program and upgrades to a number of water treatment plants across the region and planning for a significant upgrade to Somerset Dam. A contract was awarded to design and construct the South West Pipeline connecting the Beaudesert region to the SEQ Water Grid.

Seqwater continued to invest in vegetation and erosion repair works to improve the health of the drinking water catchment with more than 75% of these works delivered by its catchment partners across the region.

Despite its external challenges Seqwater continued to focus on and grow its culture with results showing that Seqwater maintained a sustainable safety culture and improved in 10 out of 12 organisational culture styles.

Seqwater continued its strategic initiative to improve its enterprise resource planning capability – targeting its finance, human resource, asset performance and management and supporting systems and delivered its emergency preparedness program.

More than ever, our thanks and gratitude go to Seqwater employees for their efforts, resilience, flexibility and dedication through a challenging year.



**Mr Neil Brennan**  
CEO

# The year in review

In 2020-21 Seqwater supplied 315,978 ML of treated water to its retailer customers, 4.5% less than in 2019-20. This decrease in consumption was welcome amidst ongoing drought conditions, particularly in the main storages of Wivenhoe and Somerset dams.

Seqwater also supplied 27,171 ML to Toowoomba Regional Council and power stations during the year, including 2,555 ML of purified recycled water to the Swanbank and Tarong power stations from the Western Corridor Recycled Water Scheme. This provided important support to water security for Toowoomba and the Tarong Power Station (owned by Stanwell Corporation) in particular, whose usual water sources had suffered from ongoing drought conditions.

A further 33,263 ML of raw water was supplied to irrigator customers under their individual water entitlements.

Seqwater also invested \$124.3 million in infrastructure and non-infrastructure investments. On behalf of the Queensland Government, Seqwater is undertaking planning and design of the Toowoomba to Warwick Raw Water Pipeline which is part of the Queensland Government's \$20 million drought resilience package for the Southern Downs region.

Seqwater welcomed approximately 3.1 million visitors to its recreation facilities in 2020-21, a significant increase on previous years.

## COVID-19 response

Seqwater continued to implement business resilience plans to manage the impact of the COVID-19 pandemic on operations. Seqwater's response to the pandemic focused on four key objectives:

- protect the health and wellbeing of the workforce
- maintain the bulk supply of drinking water in SEQ and other supplies to Toowoomba Regional Council and power station customers
- maintain monitoring and other activities related to dam safety
- maintain capacity to perform flood mitigation services, including operation of gated dams.

With health, safety and wellbeing a priority, non-frontline employees worked from home from March to August 2020 and site restrictions were implemented to ensure the safety of the frontline workforce.

Non-frontline employees commenced a gradual return to the workplace during the year. To ensure a safe return to the workplace a *Returning to the Workplace Guideline* was developed and implemented and involved specific cleaning and sanitisation schedules and requirements, a restyled workplace to support social distancing, implementation of health declarations for visitors and return to workplace inductions for all employees.

Seqwater is committed to increased workplace presence with all employees required to attend the workplace a minimum of two days per week from 1 July 2021 (subject to ongoing pandemic response).

Throughout the year Seqwater monitored the COVID-19 environment and responded accordingly, proactively managing emerging scenarios through the established phases for its employees and closing and reopening of land and water-based recreation for the community to protect the health and wellbeing of critical workers.

Seqwater met its four key objectives throughout the pandemic to June 2021, and will continue focus on those objectives while the COVID-19 threat remains.

## Drought response

In July 2020 the SEQ Water Grid combined storage level was at 63.7%. The region's 60% drought response trigger was reached in September 2020, and drought response conditions persisted through the remainder of the financial year. In accordance with the SEQ Drought Response Plan, the Gold Coast Desalination Plant commenced operating at up to 100% capacity and continued to do so throughout the year, contributing 19,485 ML to SEQ drinking water supply. Region-wide media campaigns were launched to encourage South East Queenslanders to reduce their water use and be water wise. The campaigns were broadcast through television, radio, digital video, social and convenience media.

The cost of drought response activities in 2020-21 was \$17.3 million. These costs were primarily associated with the operation of the Gold Coast Desalination Plant and partial operation of the Western Corridor Recycled Water Scheme to supply power stations as well as media campaigns delivering water conservation messaging.

The average residential water consumption was 170 litres per person per day (L/P/D) in 2020-21, 15 L/P/D less than the previous year.

A number of off-grid communities entered various levels of water restrictions in the Spring of 2020, including Canungra, Jimna, Beaudesert, Kooralbyn, Rathodowney and Dayboro. All except Dayboro exited drought response following rain in mid-December. Dayboro required periodic carting to maintain supply until early February 2021. Medium level water restrictions introduced in the Scenic Rim were lifted following rain in March 2021.

The SEQ Water Grid combined storage level peaked in April 2021 at 62.0%, however it was 60.2% on 30 June 2021.

While the SEQ region experienced above average rainfall on the coast during the year with many of the coastal dams full or near full, the drought remains very much in effect in the central region. At years' end the combined level of Wivenhoe and Somerset storages was 49.0%, which is approximately 6.8% lower than at the same time last year. Drought response initiatives continue to prioritise protecting water in Wivenhoe and Somerset dams and importing water in from the coastal areas where possible.

# Performance

## Key performance indicators

### Financial performance

The 2020-21 budget was prepared based on fair weather conditions. Drought conditions during the year increased costs and reduced water demand and revenues.

During the early tenderer involvement and procurement phases, information emerged that the cost of the Lake Macdonald Dam upgrade would be significantly higher than the responsible Minister-approved budget. As a result, in December 2020

Seqwater made the prudent decision to reconsider the options for the project. This contributed to the capital program underspend.

The Ewen Maddock Dam upgrade project was delivered ahead of schedule and below total project budget, however to achieve this the annual spend on this project was over budget to allow for this efficiency.

Financial performance		
KPI	Budget	Actual
Operating revenue \$000	1,070,610	1,039,195
Operating expenditure \$000	286,692	299,787
EBITDA \$000	783,918	739,408
EBIT \$000	512,924	474,096
NPAT \$000	41,046	12,596
EBITDA margin	73.2%	71.2%
Total assets \$000	11,782,127	11,738,627
Capital expenditure \$000	175,611	124,340
Gearing ratio (debt to [debt + equity])	0.84	0.84
FFO Interest coverage	1.13	1.04
Capital replenishment ratio	0.65	0.47
Operating expenditure ratio	26.8%	28.8%

## Non-financial performance

Bulk water sales to retailer customer were 3.3% below forecast. Water wise messaging and long periods of cool and/or wet days contributed to the lower than forecast demand. Although demand was reduced, production at the Gold Coast Desalination Plant was increased to respond to drought conditions.

Seqwater’s dam inspection program was largely delivered, with the exception of the Baroon Pocket Dam inspection. This inspection was postponed due to a lockdown imposed in SEQ in response to a COVID-19 outbreak in late June 2021. The Baroon Pocket Dam inspection was rescheduled to July 2021.

Non-financial performance		
KPI	Target	Actual
Forecast water production (ML) (excluding power stations) <sup>1, 2</sup>	326,663	315,978
Lost time injury frequency rate (LTIFR) <sup>3</sup>	≤3.50	3.45
Statutory notifications for environmental harm	0	0
Zones compliant with Australian Drinking Water Guidelines	100%	100%
Dam safety inspection program – legislative compliance	100%	90%

1 These figures represent the retailer customers demand only.

2 Seqwater’s target is for the variance between actual and forecast production to be within 5% annually.

3 Seqwater always aspires for injuries of any type to be zero with an upper maximum LTIFR of ≤3.50 for 2020-21.

# Delivering on strategy

The five objectives that form the core of Seqwater's strategy are outlined in Seqwater's Strategic Plan 2020-21 – 2023-24. They are:

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

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

Seqwater's undertakings in its Operational Plan 2020-21 contribute to attaining those objectives, and progress is set out below.

## Improve safety and organisational culture

### Health, safety and wellbeing

Seqwater is committed to its *Safe for life* promise and understands that leadership is key to achieving it.

*Water for life* conversations are intentional risk focused conversations and a fundamental leadership commitment to Seqwater's *Safe for life* promise. In 2020-21 Seqwater set an expectation for leaders to commence conducting monthly *Water for life* conversations. As a result, demonstrating leadership commitment to the *Safe for life* promise, delivery of *Water for life* conversations exceeded the target by 56% for the year.

The launch of the *Safe for life* dashboard provided leaders with greater visibility of timely information and safety performance. Seqwater's upgraded learning platform improved reporting capability as well as greater efficiency and enhanced usability.

Other health safety and wellbeing initiatives delivered in 2020-21 include:

- reviewed Seqwater's risk management tools and identified and implemented critical controls
- implemented new risk management tools
- assessed contractor management maturity and established current state maturity and areas of the end-to-end contractor management process to focus on to sustain and improve health and safety performance.

### Organisational culture

Seqwater implemented a range of initiatives to support improved leadership effectiveness and cultural transformation during 2020-21.

Key leadership development programs such as the *Switch on safety* program and *The way we lead* (Seqwater's leadership development program) were implemented with delivery paused at times as part of the COVID-19 response. An executive leadership program commenced to improve team alignment, cohesiveness and performance.

A number of new initiatives were introduced including Seqwater's employee benefits and wellbeing program 'Boost' and Seqwater's recognition program. Since the launch of the recognition program 1,725 Everyday Moments eCards have been sent to recognise efforts and performance of teams and individuals.

In March 2020 over 80% of employees completed the Organisational Culture Survey (OCI) and Global Safety Index (GSI). This has been the first year that the results of the OCI and GSI have been considered collectively, with the results showing that Seqwater maintained a sustainable safety culture and improved in 10 of the 12 organisational culture styles identified in the OCI.

COVID-19 also provided the opportunity for Seqwater to drive cultural change by challenging the status quo and adapting approaches to support a virtual workforce. Leadership programs were redesigned to support virtual delivery and key events and awards were delivered through Microsoft (MS) Teams, live podcasts and pre-recorded video. With employee engagement a priority, the Executive utilised technology to deliver updates, ensuring employees were kept up-to-date on key business priorities.

## Returning to the workplace

Following around 65% of its non-frontline workforce working from home from March 2020, Seqwater implemented a phased return to the workplace from August 2020. Recently it considered its longer-term approach to working arrangements. Seqwater sought independent advice on how to continue to ensure safe practices and implement working arrangements that support wellbeing and productivity. Based on that advice, non-frontline people will be provided with the ability to work both at home and in the office to provide the best outcome.

## Industrial relations and remuneration practices review

Seqwater is committed to ensuring compliance with employment obligations. A comprehensive review of industrial relations and remuneration practices has been undertaken to assess compliance and determine areas for improvement. Where historical errors are identified and confirmed rectification payments including interest and, where applicable, superannuation will be made. Seqwater continues to work through identified issues and make rectification payments accordingly. Employment governance has been strengthened through the introduction of new employment and remuneration processes and practices. System improvements have also been identified as key enablers for success. Seqwater continues to work closely with internal and external stakeholders including employees and unions as part of the industrial relations and remuneration review process.

# Improve processes, systems and planning

## Enterprise resource planning and capability

Effective enterprise systems and processes are key enablers in meeting Seqwater's strategic objectives. In 2020-21 Seqwater continued its *Connect the dots* program – the strategic initiative that is improving Seqwater's enterprise resource planning capability – targeting its finance, human resource, asset performance and management and supporting systems.

In 2020-21 Seqwater:

- developed a capital program reporting process and dashboard to increase transparency across capital program delivery
- launched an enterprise-wide digital glossary
- standardised cyber security controls and practices across corporate and operational technology environments
- completed mapping of over 150 key business processes
- commenced foundational improvements to Seqwater's Enterprise Resource Planning environment
- designed an asset management improvement program for implementation over the next three years

- commenced strategic system improvements in asset data management, capital program reporting, payroll and procurement management.

## Business resilience

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 2020-21 Seqwater:

- prepared and submitted the annual Statement of Flood Preparedness to the Dam Safety Regulator
- undertook flood scenarios simulation exercises
- completed SEQ water supply system emergency response exercise
- reviewed the Seqwater Emergency Management Manual
- completed emergency response desktop exercises
- trained selected incident controllers and emergency management team members.

# Strengthen financial sustainability

As the bulk water supplier for SEQ, 98% of revenue is derived from bulk water sales, with Seqwater financially reliant on bulk water pricing for the recovery of prudent and efficient operating and capital investment expenditure.

Seqwater manages \$10.9 billion of water supply assets and is financially leveraged at 84%, with funds from operations currently meeting debt servicing requirements. The current financial performance and highly leveraged position require the Board to rely on the Queensland Government's commitment to ensuring the solvency and ongoing viability of the entity.

Seqwater has budgeted \$985.4 million of capital expenditure over the next five years to 2025-26, this is an increase of around 57% on the estimated capital expenditure over the prior five-year period of around \$629.0 million. Significant projects being undertaken through the *Dam Improvement* program and other critical water supply projects are driving capital investment and requiring continued funding options analysis and risk based prioritisation of Seqwater's asset investment program.

	2020-21 Actual (\$000)	2019-20 Actual (\$000)
Earnings before interest and tax	474,096	486,255
Net profit after tax	12,596	37,098
FFO interest coverage	1.04	1.04
Debt to debt plus equity	0.84	0.84
Capital Investment	124,340	143,570

## 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 (QCA).

In June 2021 the Treasurer and Minister for Investment issued a referral notice directing the QCA to undertake a review of Seqwater's prudent and efficient costs and recommend bulk water charges to apply from 1 July 2022. Seqwater provided a detailed submission to the QCA on 30 June 2021 on its operations and proposed investments to maintain a safe and secure bulk water supply to its retailer customers, and in turn for the community.

## Capital program

Seqwater invested \$124.3 million in capital projects in 2020-21. Program highlights include:

- completed upgrades at the Kenilworth Water Treatment Plant
- completed two concrete reservoirs at the Beaudesert Water Treatment Plant
- completed stage 2A of the Ewen Maddock Dam upgrade and reopened the recreation area to the public ahead of schedule, the project was

delivered at a cost of \$15.7 million, \$8.8 million below the budget of \$24.5 million

- continued work on the \$37.7 million Mt Crosby East Bank Water Treatment Plant filtration upgrade
- completed stage 1 of the Barnes Hill valve replacement
- received preliminary approval of aspects of the Mt Crosby East Bank Flood Resilience program from Brisbane City Council
- commenced the \$16.1 million Gold Coast Desalination Plant Reverse Osmosis Membranes replacement program
- progressed the Somerset Dam upgrade detailed business case
- awarded the contract for the design and construction of the \$95.2 million South West Pipeline connecting the Beaudesert region to the SEQ Water Grid
- commenced planning and design of the Toowoomba to Warwick Raw Water Pipeline
- completed pipeline repairs to improve water security on Karragarra Island
- commenced construction on the replacement of the Noosa Water Treatment Plant access bridge.

# Increase water supply certainty

The *Water Security Program* is Seqwater's plan to provide the growing SEQ region with safe and reliable drinking water over the next 30 years.

In 2020-21 Seqwater continued the development of Seqwater's *Water Security Program*, version 3, due in 2022. This next version of the program is being developed in partnership with Seqwater's retailer customers and the Queensland Government, and incorporates insights from community engagement.

Seqwater also finalised the third year of its *Water Future* engagement and education program to support the development of SEQ's long term water supply plan. The program has allowed Seqwater to gain insight to community attitudes towards future water supply options, including additional climate

independent sources like desalination and purified recycled water. A review of this program will help shape the next version of community engagement about future water supply planning.

The program also included key stakeholder engagement, including local councils in SEQ, around climate independent sources to build understanding and advocacy. This included plant tours, presentations and briefings.

In addition, Seqwater continued to invest in maintenance and upgrades of key water assets including the Mt Crosby water treatment plants, SEQ's largest and most important plants.

# Increase customer, community and stakeholder support and satisfaction

## Community engagement

The aim of the *Water Future* program is to develop a water wise community, one which is connected to water, participates in decision making and acts to manage water. In 2020-21, the program focused on water wise behaviours including launching of a water wise promise initiative.

To ensure the health and safety of essential workers during Seqwater's COVID-19 pandemic response, the program went online and six virtual tours of the Gold Coast Desalination Plant were conducted with 70 attendees learning about the desalination process.

Seqwater continued to work with impacted communities about water infrastructure projects to build awareness and understanding and foster positive relationships with the communities it serves. In 2020-21 it:

- engaged impacted communities on water infrastructure projects including the Somerset, Lake Macdonald and Ewen Maddock dam upgrades, the South West Pipeline and the Mt Crosby East Bank Water Treatment Plant Filtration upgrade

- worked with the Somerset Dam upgrade Community Reference Group, consisting of residents, business owners, recreation users and a Council representative to identify project impacts, mitigation and management measures
- worked with the Lake Macdonald Community Reference Group, which consists of representatives of a number of community groups, recreation groups, local Council officer and local residents
- kept the Southern Moreton Bay Island residents informed on projects to replace 80 metres of pipeline and pipe burst repair activities
- partnered with the Mooloolah State School Parents and Citizens Association to provide free access to the local swimming pool while on-water recreation was closed at Ewen Maddock Dam due to essential upgrade work.

An improved version of Seqwater's free public safety app was also released ahead of SEQ's summer storm season, enabling residents and visitors to stay updated on water supply and recreation news.

## Education

Seqwater's *H2O Kids* is an integrated learning program consisting of a suite of hands on experiences and resources for teachers, parents and students from prep to year 12. In 2020-21 the program reached 19,378 people and inspired students through storytelling and inquiry-based learning. As part of the COVID-19 pandemic response, incursions and excursions transitioned online for a period and ensured Seqwater continued to deliver school-based learning.

Seqwater's *Play it safe* educational program runs annually from December to Easter. The campaign seeks to drive greater safety awareness and behaviour around Seqwater's dams, lakes and parks with a focus on Seqwater's recreational sites. In December 2020 Seqwater delivered a series of *Play it safe* virtual sessions to 1,185 students in five schools across the region.

## Working with customers

Seqwater works in close partnership with its retailer customers to achieve improved outcomes. In 2020-21 the partnerships:

- progressed the development of the *Water for SEQ Plan*, the focus of this collaborative strategic planning across the service providers aims to improve integrated water cycle planning to achieve better economic, environmental and social outcomes for SEQ and support regional planning
- implemented the *SEQ Drought Response Plan* including delivering water wise media campaigns, maintaining supply to off-grid communities, and preparing for potential implementation of water restrictions
- delivered a joint initiative with Urban Utilities to supply purified recycled water to a large industrial user to preserve dam levels in Wivenhoe and Somerset
- worked with Urban Utilities to identify opportunities across the supply system to ensure ongoing water security for the community supplied from the Lowood Water Treatment Plant
- well advanced the review of Water Quality Service Standards
- developed pricing principles in consultation with retailer customers to inform Seqwater's bulk water price submission to the QCA
- reviewed the *Bulk Water Supply Code (January 2013)*.

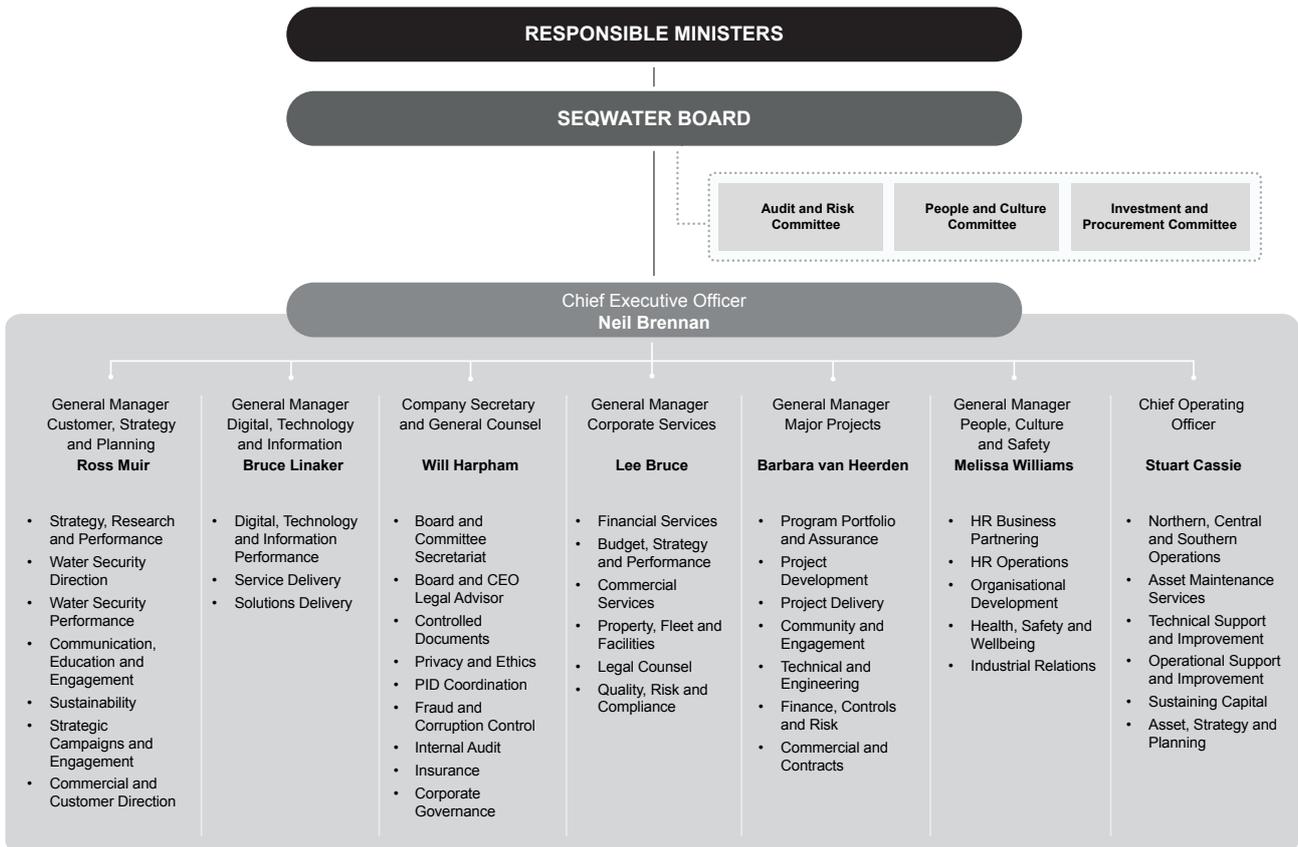
## Catchment health and source water quality

In 2020-21 Seqwater invested approximately \$6.5 million in catchment management, with \$5.0 million allocated to partnership projects. Partnership projects included riparian weed control and revegetation work, landslip remediation and bank stabilisation, onsite wastewater system upgrades and other on-farm improvements.

Other projects delivered directly by Seqwater included continuing bank stabilisation and planting projects in the Pine River, mid Brisbane River and upper Brisbane River catchments, with planning underway for other projects in the mid Brisbane River and Stanley River catchments. Various offset projects were also delivered by Seqwater.

# Governance

## Organisational chart



# Executive

The Executive provides leadership and direction to the workforce and drives the achievement of Seqwater's strategic priorities and regulatory obligations. Seqwater's Executive have three management committees:

- Health, Safety and Wellbeing Steering Committee
- Executive Fiscal Review Committee
- Major Projects Steering Group.

## Health, Safety and Wellbeing Steering Committee

Membership of the committee is made up of the full Executive. The General Manager People, Culture and Safety chaired the committee in 2020-21. The committee's role is to:

- have oversight of the health, safety and wellbeing consultative framework within Seqwater
- resolve issues raised by Health, Safety and Wellbeing Regional Committees and the Electrical Safety Improvement Group
- monitor and review Seqwater's Health, Safety and Wellbeing Safety Management System to ensure its continuing suitability, adequacy and effectiveness
- identify and provide direction on opportunities, priorities and strategies to improve health, safety and wellbeing performance
- provide governance over the delivery of key strategies and initiatives established to improve health, safety and wellbeing performance.

## Executive Fiscal Review Committee

Membership of the Executive Fiscal Review Committee comprises the Chief Executive Officer (CEO) (Chair), General Manager Corporate Services (Deputy Chair), General Manager Customer, Strategy and Planning and Company Secretary and General Counsel.

The Committee's primary role is considering matters which may have financial or budgetary implications for Seqwater over defined thresholds. The Committee's role includes the review and endorsement of initiatives or proposals that cannot be accommodated within existing budgets.

At the direction of the CEO, the Executive Fiscal Review Committee may also consider other fiscal issues that require dedicated or longer-term consideration.

## Major Projects Steering Group

Membership of the Major Projects Steering Group comprises an independent Chair, CEO, Company Secretary and General Counsel, Chief Operating Officer (COO) and General Manager Corporate Services.

The purpose of the Major Projects Steering Group is to provide objective advice, insights and recommendations to the CEO and Seqwater Board (including Board Committees). The Major Projects Steering Group will also provide advice, insight and recommendations, and where necessary direction to the General Manager Major Projects.

The Major Projects Steering Group functions include:

- a governance and assurance role for major projects from planning, business case development, project delivery and handover - endorsing and monitoring the overall direction and delivery of major projects, whilst providing leadership support and guidance
- actively identifying opportunities to translate innovations or improvements applied through a major project into Seqwater's business as usual planning and delivery.

Seqwater engages with its responsible Ministers, Queensland Treasury, Department of Regional Development, Manufacturing and Water, State Development Infrastructure, Local Government and Planning, agencies, local government and the broader community in the planning and delivery of major projects.

In 2020-21 Seqwater's Executive comprised:

### **Neil Brennan**

Chief Executive Officer

Neil joined Seqwater in August 2018 with a 32-year history in the Victorian 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 over 20 years of experience advising corporate and government entities across a variety of areas including major projects, transport and logistics, corporate governance, insurance, infrastructure and water supply. Prior to his current role he held management roles at LinkWater and Seqwater.

### **Stuart Cassie**

Chief Operating Officer, Planning, Operations, Delivery

Stuart has over 25 years leadership experience in complex infrastructure assets, holding senior global operational roles in Tier 1 engineering and professional services organisations prior to his current role. He has acted as a consultant providing delivery and advisory services to assist large, complex infrastructure owners and developers evaluate, manage and deliver major capital projects and portfolios of sustaining capital projects for ongoing operations. Stuart has been an advisor to executives across sectors and jurisdictions including government infrastructure, energy and resources, oil and gas, and utilities in Australia, Europe, Africa, Middle East and North America.

### **Ross Muir**

General Manager, Customer, Strategy and Planning

Ross has more than 25 years of experience in the water sector, specialising in commercial and regulatory aspects of water supply. Previously Ross was Seqwater General Manager, Water Services. 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 has extensive human resource, customer and operations expertise with more than 20 years of experience working in the private, not for profit and public sectors. She has held senior roles in a diverse range of industries including energy, transportation, education and health/aged care.

### **Barbara van Heerden**

General Manager, Major Projects

Barbara has extensive experience in all aspects of planning and delivery of major and complex infrastructure projects. Her diverse experience in managing and delivering large programs of work in public and private sector environments, provides her with a solid understanding of the governance and assurance requirements in project delivery. Prior to joining Seqwater, Barbara was the Regional Director for the Queensland Department of Transport and Main Roads North Coast and Wide Bay Burnett Region, responsible for leading the strategic direction, delivery of the capital program, and the maintenance and operation of the state-controlled road network for the region. Barbara has worked in infrastructure leadership roles in South Africa, Namibia, the United States of America and the United Kingdom. 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.

## **Lee Bruce**

General Manager, Corporate Services

Lee has over the past 10 years held executive and senior leadership roles and has extensive experience in managing diverse professional services including strategy, investment, finance, analytics, legal, ICT, projects, risk, quality, compliance, commercial services, sales and marketing, relationship and business management. Lee previously held the role of COO for the European Capital Markets and Treasury Solutions Division at Deutsche Bank London. Lee's most recent role was Director of Corporate Services for the Translational Research Institute, Brisbane.

## **Bruce Linaker**

General Manager, Digital Technology Information

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

# Seqwater Board

## **The Hon. Dr David Hamill AM (Chair)**

Independent Board member

(appointed 1 October 2018)

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, Chair of Act for Kids, a Director of Brookfield Business Partners LP, Ebenezer Pastoral Pty Ltd, DBCT Management Pty Ltd, DBCT Investor Services Pty Ltd, DBCT Finance 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.

## **Ms Penny Tovey**

Independent Board member

(appointed 1 October 2018)

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 Chair of the State Government's Generator Shareholder Mandate Consultation Group and General 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 Board member

(appointed 13 December 2019)

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 Board member

(appointed 1 October 2020)

Ms Mickel is a physiotherapist with more than 30 years of experience across public, private and community health sectors. She is currently Chair of the Karuna Hospice Services and is a Director on the Nursing and Midwifery Board of Australia, Queensland. Ms Mickel is the 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 Board member

(appointment 1 October 2020)

Ms Ker is currently the CEO of Access Community Services Ltd and a board member on Migration Council Australia. She formerly 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 Board member

(appointed 1 October 2020)

Mr McEvoy has 40 years of experience in the mobilisation and delivery of major capital investment programs and megaprojects within Australia and internationally. His former engagements in SEQ's water supply assets include Project Director of the Western Corridor Recycled Water Scheme as well as broader involvement in the delivery of a range of dams, water treatment plants and trunk mains across the region.

**Mr Shane McGrath**

Independent Board member

(18 December 2014 – 30 September 2017,  
5 January 2018 – 30 September 2020)

Mr McGrath is a civil engineer with more than 30 years of experience in the water industry. He has extensive experience in senior leadership roles for asset creation and management of water supply infrastructure, including major dams, both in Australia and internationally. Mr McGrath is a Director of SGM Consulting, Chairman of the Australian National Committee on Large Dams, a member of the Dam Safety Committee of International Commission on Large Dams, a Fellow of the Institution of Engineers and a Chartered Professional Engineer.

# Corporate governance

Seqwater has a framework of rules, relationships, policies, systems and processes in place to effectively and responsibly manage the organisation and give confidence to its stakeholders, customers and communities.

As a Government-owned statutory authority, Seqwater has Board approved governance arrangements, which reflect the governance requirements in relevant legislation and government guidelines. In 2020-21, quarterly performance reports were provided to its responsible Ministers. Seqwater worked cooperatively with its responsible Ministers' departments, Queensland Treasury and the Department of Regional Development, Manufacturing and Water.

From time to time Seqwater was required to report, communicate or engage with other government agencies. Seqwater continued to work collaboratively with government agencies to ensure appropriate application of government policies and directives to its operations.

The responsible Ministers have requested that Seqwater apply the *Corporate Governance Guidelines for Government Owned Corporations*, issued by Queensland Treasury. These guidelines have adopted the eight principles to corporate governance set out in the Australian Securities Exchange (ASX) Corporate Governance Principles and Recommendations, which provide a framework to develop, implement, review and report on relevant corporate governance arrangements. An overview of Seqwater's corporate governance arrangements is set out in the following principles.

## Principle 1 – Foundations of management and oversight

The Board is responsible for the way Seqwater performs its functions and exercises powers under the *South East Queensland Water (Restructuring) Act 2007*. The Board Charter states its role is to:

- set strategy and direction, and provide the governance framework for the organisation through the endorsement of financial, administrative and operational policies
- ensure Seqwater performs its functions and exercises its powers in a proper, effective and efficient way
- ensure strategic and operational planning objectives are achieved
- be accountable to the responsible Ministers for performance and governance
- review the annual performance of the CEO and the Company Secretary and General Counsel.

The Board has delegated specific powers and functions to Board Committees, the CEO, executives and other employees. The CEO is responsible to the Board for the management and performance of Seqwater and for the development and implementation of strategy. The CEO manages Seqwater in accordance with the strategic and operational plans. The CEO and executives'

performance is measured against Key Performance Indicators, and communicated to the responsible Ministers in line with the *State Government Policy for Government Owned Corporation Chief and Senior Executive Employment Agreement*.

While the provision to make performance payments is referenced in the key management personnel disclosures in the attached audited financial statements, in accordance with Queensland Government policy, no performance payments were made to the CEO or Executives during 2020-21 for the 2019-20 financial year, and no performance payments will be made to the CEO or Executives for the 2020-21 financial year.

## Principle 2 – Structure the Board to add value

All members of the Board, including the Chair are non-executive members. The Board members are appointed by the responsible Ministers in accordance with the *South East Queensland Water (Restructuring) Act 2007*. All Board members who served during the reporting period were independent as assessed against the criteria in the *ASX Corporate Governance Guidelines*.

Board members are issued with an induction pack on appointment that details Seqwater’s operational information, governance requirements and policies. Board members may seek independent professional advice on matters before the Board.

The Chair is responsible for identifying, assessing and enhancing Board members’ competencies to ensure that the Board and each committee has members with appropriate qualifications.

The Board engaged an external consultant to conduct the review of its performance for 2019-20. Board members completed a confidential survey capturing their assessment of the performance of the Board and its committees, including in respect of good governance practice in the conduct of meetings, engagement with management, and secretariat support. The Board considered the survey outcomes in August and September 2020, and as a result, implemented refinements to its practice, including finalising the development of the Board’s skill matrix during 2020-21.

### Standing committees

The Board has three standing committees that meet periodically. On 30 June 2021 membership comprised:

- Audit and Risk Committee: Marita Corbett (Chair), Penny Tovey, Dr David Hamill, John McEvoy
- Investment and Procurement Committee: John McEvoy (Chair), Marita Corbett, Dr David Hamill, Catherine Mickel, Gail Ker
- People and Culture Committee: Penny Tovey (Chair), Dr David Hamill, Catherine Mickel, Gail Ker.

All Board members are entitled to attend committee meetings. The Board may form other committees, however during the period it requested any other matter be considered at a whole of Board level.

### Audit and Risk Committee

The Audit and Risk Committee provided independent assurance and assistance to the Board on governance, risk and compliance frameworks and external accountability responsibilities, as prescribed in the *Financial Accountability Act 2009* and Accounting Policy Standards. Seqwater’s internal audit function regularly reviewed and tested the effectiveness of the system and reported to the Audit and Risk Committee.

The Committee’s duties and responsibilities are outlined in its Charter, and encompass oversight of compliance with all mandatory requirements of corporate governance. The Committee met six times in 2020-21 in July, August, October, February, March and May.

During 2020-21, the Committee considered amendments to and compliance with the requirements of the Committee’s Charter and oversaw:

- the annual budget process and financial reporting, and recommended to the Board for approval
- the development of the Operational Plan 2021-22 and Strategic Plan 2021-25, and recommended to the Board for approval and submission to the responsible Ministers
- the preparation of the annual financial statements, including the asset valuation model and assumptions, and recommended to the Board for approval
- Queensland Treasury Corporations (QTC) management of Seqwater’s debt pool in accordance with the QTC Mandate
- the external audit function and consideration of associated reporting
- the internal audit function and considered associated reporting, including progress against the 2020-21 Internal Audit Plan, and recommended to the Board for approval of the 2021-22 Internal Audit Plan
- fraud and corruption control activities, including progress against the 2020-21 Fraud and Corruption Control Plan, and recommended to the Board for the approval of the 2021-22 Fraud and Corruption Control Plan
- management’s development of a Stakeholder Engagement Plan

- the Enterprise Risk Management Framework and associated reporting
- the strategy for and delivery of the annual renewal of the insurance program, and recommended to the Board for approval
- the review and update of relevant governance policies, and recommended to the Board for approval:
  - Audit and Risk Committee Charter
  - Internal Audit Charter
  - Seqwater’s Policy Framework
  - Gifts and Benefits Policy
  - Trading in Securities Policy
  - Asset Management Policy Statement
  - Non-current Assets Policy.
- oversaw Seqwater’s delivery of the 2020-21 infrastructure and non-infrastructure capital investment program, with a focus on efficient and effective outcomes
- considered management’s proposed adjustments to the 2020-21 capital program, based on Management’s risk-based reprioritisation process
- oversaw management’s implementation of the information technology strategy, and an increased focus on improving cyber-security
- used its delegated authority to consider the approval of contracts up to a value of \$10 million
- oversaw Seqwater’s performance of the major service contracts in relation to Seqwater’s infrastructure assets
- considered the review and update of relevant governance policies and recommended to the Board for approval:
  - Investment and Procurement Committee Charter
  - Dam Safety Investment Policy.

In 2020-21 the Audit and Risk Committee considered audit reports, prepared by the Queensland Audit Office (QAO), which outlined all audit recommendations made by the QAO.

The Committee reviewed its prior year performance and provided associated reporting to the Board.

## Investment and Procurement Committee

The Investment and Procurement Committee reviewed capital and operational investment and procurement decisions. The Committee ensured Seqwater met strategic, corporate and technical aspects of asset delivery and operational performance objectives, while managing the associated business risks and ensuring risk management systems were in place. The Committee’s role, functions and duties are outlined in its Charter.

During 2020-21, the Committee:

- considered the 2021 Asset Portfolio Master Plan, which presents an integrated and optimised suite of infrastructure improvements to meet customer service requirements and manage risk over the next 30 years, and recommended to the Board for approval
- considered the 2021-22 capital program, including the elements of the *Dam Improvement* program and other major capital projects, and recommended to the Board for approval
- considered major capital investment and maintenance program business cases and critical supply contracts, including asset upgrades, analytical and laboratory services, maintenance services, and recommended to the Board for approval

During the period the Committee reviewed its prior year performance and provided associated reporting to the Board.

## People and Culture Committee

The People and Culture Committee reviewed decisions and recommendations relating to Seqwater's people and culture initiatives, policies and programs and health safety and wellbeing program. The Committee's role, functions and duties are outlined in its Charter.

During 2020-21, the Committee oversaw:

- the development of the Board's skill matrix
- the annual CEO and executive performance<sup>4</sup> for 2019-20, and recommended to the Board for approval
- management's implementation of Seqwater's health, safety and wellbeing program and associated risk management, in particular, the implementation of the Risk Management and Critical Controls Framework and the development of Seqwater's contractor management improvement initiative
- management's investigation and response to emergent people and culture issues
- management's development of Seqwater's succession planning program
- management's development of the proposed 2021-22 Organisational KPIs and targets and recommended to the Board for approval
- the review and update of relevant governance policies and recommended to the Board for approval:
  - People and Culture Committee Charter
  - Remuneration Policy
  - *The way we work* (our code of conduct)
  - Board Code of Conduct
  - Health, Safety and Wellbeing Policy Statement
  - Sponsorship Policy Statement.

During the period the Committee reviewed its prior year performance and provided associated reporting to the Board.

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<sup>4</sup> In accordance Government Policy, no performance payments were made to the CEO or Executives during 2020-21 for the 2019-20 financial year.

## Government body

1 July 2020 to 30 June 2021

### Seqwater Board

Act or instrument *South East Queensland Water (Restructuring) Act 2007*

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 2020-21 the Board's key achievements included:

- oversight of Seqwater's response to the COVID-19 pandemic
- oversight of Seqwater's general business operations, including drought response
- oversight of Seqwater's capital program involving approval of major dam and water infrastructure development and upgrade projects
- approval of Seqwater's draft Operational Plan 2021-22 and draft Strategic Plan 2021-25.

Financial reporting The Board, through the Audit and Risk Committee, oversees financial reporting. The audited 2020-21 financial statements and related disclosures were approved by the Board on 12 August 2021.

Remuneration					
Position	Name	Meetings/ sessions attendance	Approved annual fee <sup>5</sup>	Approved sub- committee fees if applicable <sup>6</sup>	Actual fees received <sup>7</sup>
Chair	Hon. Dr David Hamill	<b>27</b> (12 Board, 15 committee)	\$100,000	\$4,500 per committee p.a. (Committee member)	\$113,500
Board member	Penny Tovey	<b>21</b> (11 Board, 10 committee)	\$45,000	\$8,000 p.a. (Committee Chair) \$4,500 per committee p.a. (Committee member)	\$57,208
Board member	Marita Corbett	<b>19</b> (10 Board, 9 committee)	\$45,000	\$8,000 p.a. (Committee Chair) \$4,500 per committee p.a. (Committee member)	\$62,963 <sup>8</sup>
Board member	John McEvoy	<b>15</b> (7 Board, 8 committee)	\$45,000	\$8,000 p.a. (Committee Chair) \$4,500 per committee p.a. (Committee member)	\$42,419
Board member	Catherine Mickel	<b>14</b> (7 Board, 7 committee)	\$45,000	\$4,500 per committee p.a. (Committee member)	\$39,992
Board member	Gail Ker	<b>13</b> (6 Board, 7 committee)	\$45,000	\$4,500 per committee p.a. (Committee member)	\$43,791 <sup>9</sup>
Board member	Shane McGrath	<b>6</b> (5 Board, 1 committee)	\$45,000	\$8,000 p.a. (Committee Chair)	\$13,250
Total out of pocket expenses		NIL			

5 Excludes superannuation contributions.

6 Excludes superannuation contributions.

7 Fees per annum, pro-rata based on membership during the period and excludes employer superannuation contributions, unless otherwise noted.

8 Invoiced fees include a provision for superannuation.

9 Invoiced fees include a provision for superannuation.

## Principle 3 – Promote ethical and responsible decision making

Seqwater is committed to high standards of integrity, professionalism and accountability. Seqwater maintains several key corporate governance documents focused on ensuring public confidence and integrity in Seqwater and clearly establishing accountability and ethical decision-making expectations of Seqwater workers in the conduct of their duties.

*The way we work*, Seqwater's Code of Conduct and Seqwater's values describe the behaviours and culture expected of workers in delivering on the *Water for life* vision and *Safe for life* promise. *The way we work* forms part of Seqwater's recruitment process and onboarding program and is readily available internally and externally.

*The way we work* aligns with the *Public Sector Ethics Act 1994*, ethics principles and values and it is supported by several policies, procedures and documents. Associated human resource practices are reviewed every one to three years to ensure currency and alignment. In addition, Talent and Performance Plans enable regular conversations between employees and their leaders around living the values, goals and accountability.

*The way we work* training continues to be a core deliverable of Seqwater's learning platform, guiding values-based behaviour and ethical decision making.

High standards of integrity and ethical behaviour are required of any person who is carrying out duties for or on behalf of Seqwater. The Seqwater Board has a Board Code of Conduct policy that describes the

principles of conduct that are to be observed while undertaking duties or representing Seqwater.

Seqwater's Policy Framework details its policy governance hierarchy and establishes the requirements for policy development, implementation and review, and includes a list of all Board reserved policies and documents.

The Gifts and Benefits Policy details Seqwater's position on the giving, accepting and reporting of gifts and benefits.

The Trading in Securities Policy establishes protocols and restrictions to guard against potential conflicts of interests created by workers trading in securities or pursuing other investments.

The Conflict of Interest policy and procedure establish the requirement for identifying, declaring and managing conflicts of interest. An online declaration tool was developed and rolled out in 2020-21 making the process of declaring any conflicts generally, or as part of procurement activities easier to administer and ensure probity. In addition, updated conflict of interest training was developed and is anticipated to be delivered in 2021-22.

Seqwater's Fraud and Corruption Control Policy establishes accountabilities and responsibilities among its workers to prevent, detect and respond to fraud and corruption, and is overseen by Seqwater's Fraud Control Officer. Updated fraud and corruption control training has been developed for roll out to all employees in 2021-22.

## Principle 4 – Safeguard integrity in financial reporting

The Board and the Audit and Risk Committee monitor and safeguard the integrity of Seqwater's financial reporting.

The Audit and Risk Committee provide assurance for financial reporting through review of accounting policy appropriateness, significant assumptions and judgements, and material estimations impacting on financial reporting.

Seqwater's Chair of the Board, CEO and General Manager Corporate Services annually certify that the financial statements represent Seqwater's financial performance and position and have been prepared in accordance with the *Financial*

*Accountability Act 2009*, *Financial and Performance Management Standard 2019* and other prescribed requirements.

In accordance with the *Auditor-General Act 2009*, the external audit function of Seqwater is performed by the QAO. The Audit and Risk Committee monitors the review and implementation of recommendations made by the internal audit function and external auditors.

## Principle 5 – Make timely and balanced disclosures

Seqwater is committed to proactively communicating appropriate information to its stakeholders including its responsible Ministers, customers and the communities it serves.

Seqwater's communications to the responsible Ministers occur on a continuous disclosure basis, in addition to formal quarterly and annual reporting.

Briefing notes and other updates are provided, including communications on significant matters such as major capital projects and key operational matters such as drought response.

Seqwater maintains a publication scheme on its website to meet the requirements of the *Right to Information Act 2009*.

## Principle 6 – Respect the rights of shareholders

Seqwater has a suite of documents which establish the formal communication between Seqwater and its responsible Ministers. These documents are supported by regular and detailed communications between Seqwater, its responsible Ministers and their departments.

Formal communications include:

- Strategic plan - a four-year plan that describes Seqwater's purpose, outlines its objectives and measures of success, demonstrates how it contributes to the Queensland Government's objectives for the community and outlines the critical issues for regional water supply.
- Operational plan - a one-year plan that outlines how Seqwater will deliver its services, establishes undertakings and performance targets for the financial year, and is agreed with its responsible Ministers.
- Quarterly performance reports - report on Seqwater's progress against the undertakings and performance targets established in the operational plan.
- Annual report - reports on Seqwater's non-financial and financial performance and achievements for the preceding financial year.

## Principle 7 – Recognise and manage risk

Seqwater's Risk Management Policy Statement highlights its commitment to integrated, consistent and efficient assessment and management of risks to support the achievement of its strategic and operational objectives and to maximise opportunities.

Seqwater's Risk Appetite Statement highlights the nature and level of risk that Seqwater is willing and able to take in the pursuit of its strategic objectives and sets the parameters for how risk is to be managed to preserve and create value across the organisation. It is approved by the Board and reviewed annually by the Audit and Risk Committee.

Seqwater's Enterprise Risk Management Framework establishes the processes for assessing and managing risks and opportunities within the Board-approved risk appetite and is approved by the Board and overseen by the Audit and Risk Committee. The Framework aligns with *ISO 31000:2018 Risk Management Guidelines* and meets the requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2019*.

A comprehensive review of the Enterprise Risk Management Framework, the Risk Appetite Statement and the Risk Management Policy Statement commenced in May 2021 to further streamline risk management at Seqwater.

While the CEO retains ultimate management accountability for managing risk across the organisation, risks relating to day-to-day operations and the delivery of corporate objectives are monitored by the Executive.

Seqwater recognises the importance of organisational culture in the success of an enterprise-wide risk management approach and continued to embed aligned risk-based decision-making across all plans and processes.

The following initiatives and activities were undertaken in 2020-21 to manage risks effectively and efficiently:

- all Board and Executive submissions and proposals included an assessment of the risks to the business to inform and enable risk-based decisions and prioritisation

- reviews of risk, opportunities, controls and initiatives were conducted throughout the year and reported quarterly to the Audit and Risk Committee
- risk assessments and information were integrated into strategic and operational planning, project management, capital and asset planning, incident and emergency response and business continuity planning protocols
- improvements were made to the management of strategic and operational risk information in a central system, enabling better reporting and analysis, and improved visibility of incidents, issues and risks
- fraud and corruption risk management and controls continued to be enhanced
- tools to gather information to assess and manage risks consistent with Seqwater's risk appetite for functional areas such as environment, water quality and safety were enhanced

- project delivery risk assessment and management tools were improved.

Seqwater has a Board-approved commercial insurance program.

Internal audits provided independent, objective assurance and aid in delivering on its purpose by systematically reviewing, evaluating and recommending improvements to risk management and governance processes, and system of internal controls. Internal audit is delivered through a co-sourced model with an independent external specialist service provided and managed in house.

The status of audit recommendations was reviewed quarterly and reported to the Board, the Audit and Risk Committee, the CEO and the Executive.

## Principle 8 – Remunerate fairly and responsibly

Remuneration at Seqwater is determined based on the type of employee.

### Board members

Seqwater Board members are engaged in accordance with the *South East Queensland Water (Restructuring) Act 2007*.

### Executive

The *Government Owned Corporation Chief and Senior Executive Employment Arrangements Guideline* sets the requirements for determining employment conditions, including remuneration, for the CEO and executives.

### Common law contract employees

Common law contract employee remuneration is both underpinned by the relevant enterprise agreement wages and conditions as well as being market aligned and reviewed annually based on independent remuneration advice considering the following principles:

- the relevant enterprise agreement wage and conditions
- clarity and transparency

- level and composition of remuneration is sufficient and reasonable while meeting customers' and shareholders' expectations in relation to value for money
- clear relationship between remuneration, the position and performance of individuals
- performance incentives (where applicable) are a reward for exceptional performance and are not an entitlement for performing the role.

In accordance with the *Government Owned Corporations – Wages Industrial Relations Policy (Temporary Addendum) 2020*, no wage increases or performance bonuses were paid in 2020-21.

### Enterprise Agreement employees

Employees engaged under the enterprise agreement were remunerated in accordance with the *Seqwater Enterprise Agreement 2016-2019* or the *Seqwater Enterprise Agreement 2019-2023*. Both agreements are consistent with the *Government Owned Corporations – Wages Industrial Relations Policy 2015*.

In accordance with the *Government Owned Corporations – Wages Industrial Relations Policy (Temporary Addendum) 2020*, no wage increases were paid in 2020-21.

# Workforce planning and performance

Seqwater takes a planned approach to determine resourcing and capability needs. Seqwater's workforce comprised 820.25 FTEs on 30 June 2021. In 2020-21 Seqwater's permanent separation rate was 7.25%.

With a diversity of roles, disciplines and locations, a range of sourcing techniques is used to find the best talent to support Seqwater in delivering on key priorities.

Seqwater's leaders are committed to building the talent pipeline and developing the capability of its people providing them with both formal and on-the-job development opportunities. The *Next Generation* program is a key element of Seqwater's talent strategy providing a structured approach for apprentices, trainees and graduates to join the Seqwater team. On 30 June 2021, Seqwater had 13 trainees, six apprentices and four graduates employed.

Workforce strategies and organisational design continue to be reviewed to ensure contemporary practice. The *Connecting our Business* initiative continued to be a key focus during the year helping to identify and realise opportunities across the business for which work can be more efficiently and effectively structured and performed.

Seqwater's workspaces, policies, information technology and physical locations enable its employees to work flexibly and to work across multiple locations, including their home, where their role permitted them to do so. Seqwater recognises that utilising hybrid working approaches can optimise productivity, while flexibility and choice can empower employees to enhance their work life balance and has helped keep employees safe during the COVID-19 pandemic. In the long term, hybrid working can help Seqwater attract and retain a strong workforce, while contributing to its goal of a safe, inclusive workplace that supports diversity and opportunity. The enterprise agreement provides employees with flexible working options to support employees to balance individual needs with operational requirements and to ensure optimal delivery of performance and outcomes. On 30 June 2021, 5% of Seqwater's workforce was working on a part-time basis.

Seqwater's three-year leadership development program, *The way we lead* came to a close in 2020-21. This program was fundamental in creating

the shared leadership purpose to drive culture and performance through values-based leadership. As the leaders of Seqwater navigated through uncharted and tumultuous times in 2020-21, it was concluded that the leadership team needed more growth. Development is now underway for a two-year integrated Leadership Strategy that will, across all channels including safety, wellbeing, and performance, practically equip its leaders for the now, strengthen the leadership pipeline for tomorrow, and prepare its leaders to take Seqwater into the future.

Seqwater is committed to embracing the diversity of its people and fostering an inclusive culture in which its people are empowered to be innovative and challenge the status quo. The Diversity and Inclusion Strategy (July 2021 – December 2022) reflects Seqwater's commitment to ensuring a safe workplace where employees are treated with dignity and respect and where discrimination, harassment and bullying is not tolerated.

*Discovery day* forms part of Seqwater's monthly onboarding program, which gives new employees the opportunity to gain further insight into Seqwater, its role and culture. This program was taken online during COVID-19 restrictions. Site tours of key assets usually participated in by new employees were paused to limit exposure of critical employees at Seqwater sites to the risks of COVID-19.

Seqwater's Talent and Performance Plans enable regular conversations around living the values, delivering on goals and accountability which is especially important if Seqwater is to achieve its *Water for life* vision.

Seqwater's excellence awards provide an opportunity to recognise and celebrate the achievements of colleagues and outstanding leadership behaviours across all levels of the business, regardless of position. Seqwater's health and wellbeing program which includes flu vaccinations and skin checks, continued to be delivered in 2020-21 with alternative models for delivery used to comply with COVID-19 restrictions.

Seqwater actively encourages constructive working relationships with its employees, delegates and the unions that are party to its enterprise agreement. It maintains effective consultative mechanisms with unions on industrial relations matters.

# Human rights

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

To further the objects of the *Human Rights Act 2019*, in 2020-21 Seqwater:

- completed a project to identify and catalogue compliance obligations under the *Human Rights Act 2019* and requirements to establish governance processes to ensure ongoing compliance
- proposed updates to *The way we work*, Seqwater's Code of Conduct to include human

rights references and the development of a Human Rights Policy Statement to the People and Culture Committee June 2021 meeting to recommend approval by the Board in July 2021. These updates, proposed for 2021-22, will enable employees to further understand and promote human rights as they apply to their work and Seqwater's obligations to the Queensland public.

Seqwater received no human rights complaints in 2020-21.

# Information systems and record keeping

An upgrade to the Electronic Document and Records Management System (eDRMS) and migration of controlled documents to be managed within the eDRMS were completed in 2020-21 resulting in a 5% increase in the capture of electronic records and improved life-cycle management of controlled documents.

To ensure records are discoverable and accessible for use and re-use, eDRMS mobility will be the main priority for 2021-22. The completion of this program of work will transfer Seqwater's footprint of digital records across its diverse landscape, allowing regional workers to access accurate and reliable records to complete tasks from within the field.

The COVID-19 pandemic has had an impact on how organisations manage and maintain business transactions and recordkeeping. New methods

of collaboration and the requirement to capture structured and unstructured information has seen the implementation of MS Teams and OneDrive to support an agile workforce. Records management training was delivered as part of the controlled document migration to eDRMS to select employees.

Seqwater has records located the Queensland State Archives and at an offsite records storage facility, however the identification of records due for disposal or retention that was scheduled for 2020-21 was not possible due to COVID-19 restrictions. This activity has been rescheduled for 2021-22.

Seqwater's records are retained and disposed of in accordance with Queensland State Archives, General and Retention Disposal Schedule as authorised under section 26 of the *Public Records Act 2002*.

# External scrutiny

There was no external scrutiny undertaken in 2020-21.

# Government directions

A copy of the Direction to the Board of Seqwater to implement the Toowoomba to Warwick Raw Water Pipeline preparatory works, issued in May 2021 is attached.

# Corporate entertainment

There was no corporate entertainment in 2020-21.

# Overseas travel

There was no overseas travel in 2020-21.

# Open data

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

# Events after the balance date

On 8 September 2021, the NSW Court of Appeal overturned the original decision of the 2011 Flood Class Action and discharged Seqwater of all findings of breach of duty. The Entity is not liable to the plaintiff or any group members and the proceeding has been dismissed, subject to any residual issues in relation to costs. The plaintiff has been ordered to pay the Entity's costs of its appeal. No orders have yet been made in relation to the costs of the proceedings before the trial judge. The matter has been remitted to the primary judge to finalise the costs orders.

# Audited Financials

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

**Annual Financial Report  
For the year ended 30 June 2021**



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# Statement of comprehensive income

for the year ended 30 June 2021

	Notes	2021 \$000	2020 \$000
<b>Revenue</b>			
Water sales	B1-1	1,016,782	1,022,477
Grants and other contributions	B1-2	13,348	14,471
Other revenue	B1-3	9,065	8,374
<b>Total operating revenue</b>		<b>1,039,195</b>	<b>1,045,322</b>
Revaluation increment	C3-7	-	34,962
<b>Total revenue</b>		<b>1,039,195</b>	<b>1,080,284</b>
<b>Expenses</b>			
Employee benefit expenses	B2	112,631	107,473
Supplies and services	B3	175,905	176,637
Depreciation and amortisation	C3-7	265,312	265,107
Finance/borrowing costs	B4	454,301	466,202
Other expenses	B5	11,251	9,850
<b>Total operating expenses</b>		<b>1,019,400</b>	<b>1,025,269</b>
<b>Operating result before income tax</b>		<b>19,795</b>	<b>55,015</b>
Income tax expense	B6	7,199	17,917
<b>Operating profit / (loss)</b>		<b>12,596</b>	<b>37,098</b>
<b>Other comprehensive income</b>			
Item that will not be reclassified subsequently to operating profit or loss:			
Increase in asset revaluation surplus net of tax		-	31,042
<b>Total other comprehensive income</b>		<b>12,596</b>	<b>31,042</b>
<b>Total comprehensive income</b>		<b>12,596</b>	<b>68,140</b>

The accompanying notes form part of these financial statements.

# Statement of financial position

as at 30 June 2021

	Notes	2021 \$000	2020 Restated* \$000
<b>Current assets</b>			
Cash and cash equivalents	C1	473,016	313,997
Trade and other receivables	C2	147,615	149,381
Inventories		9,812	9,374
Other current assets		5,876	5,248
<b>Total current assets</b>		<b>636,319</b>	<b>478,000</b>
<b>Non-current assets</b>			
Property, plant and equipment	C3-7	10,944,446	11,078,951
Right-of-use assets	C10	4,715	5,308
Intangible assets	C4-4	152,300	158,399
Other non-current assets		847	555
<b>Total non-current assets</b>		<b>11,102,308</b>	<b>11,243,213</b>
<b>Total assets</b>		<b>11,738,627</b>	<b>11,721,213</b>
<b>Current liabilities</b>			
Trade and other payables	C5	40,836	35,208
Employee benefits	C6	34,523	30,888
Interest bearing liabilities	C7	276,849	36,657
Lease liabilities	C10	435	386
Other current liabilities	C9	11,946	11,841
<b>Total current liabilities</b>		<b>364,589</b>	<b>114,980</b>
<b>Non-current liabilities</b>			
Employee benefits	C6	3,704	3,599
Interest bearing liabilities	C7	9,144,305	9,384,583
Lease liabilities	C10	4,741	5,176
Deferred tax liabilities	C8-1	192,288	185,089
Other non-current liabilities	C9	270,764	282,146
<b>Total non-current liabilities</b>		<b>9,615,802</b>	<b>9,860,593</b>
<b>Total liabilities</b>		<b>9,980,391</b>	<b>9,975,573</b>
<b>Net assets</b>		<b>1,758,236</b>	<b>1,745,640</b>
<b>Equity</b>			
Contributed equity		(715,888)	(715,888)
Asset revaluation surplus	C11	2,755,888	2,755,888
Accumulated deficit		(281,764)	(294,360)
<b>Total equity</b>		<b>1,758,236</b>	<b>1,745,640</b>

The accompanying notes form part of these financial statements.

\*Refer to Note A1-8 for details regarding the restatement as prior period adjustments.

# Statement of changes in equity

for the year ended 30 June 2021

	Accumulated deficit (restated)* \$000	Asset revaluation surplus \$000	Contributed equity \$000	Total \$000
<b>Balance as at 1 July 2019 as previously reported</b>	(327,343)	2,724,846	(715,888)	1,681,615
Prior period adjustment*	(4,115)	-	-	(4,115)
<b>Balance as at 1 July 2019 restated</b>	<b>(331,458)</b>	<b>2,724,846</b>	<b>(715,888)</b>	<b>1,677,500</b>
Operating profit	37,098	-	-	37,098
Total other comprehensive income:				
- increase in asset revaluation surplus	-	31,042	-	31,042
<b>Balance as at 30 June 2020</b>	<b>(294,360)</b>	<b>2,755,888</b>	<b>(715,888)</b>	<b>1,745,640</b>
<b>Balance as at 1 July 2020</b>	(294,360)	2,755,888	(715,888)	1,745,640
Operating profit	12,596	-	-	12,596
<b>Balance as at 30 June 2021</b>	<b>(281,764)</b>	<b>2,755,888</b>	<b>(715,888)</b>	<b>1,758,236</b>

The accompanying notes form part of these financial statements.

\*Refer to Note A1-8 for details regarding the restatement as prior period adjustments

# Statement of cash flows

for the year ended 30 June 2021

	Notes	2021 \$000	2020 \$000
<b>Cash flows from operating activities</b>			
<i>Inflows:</i>			
Receipts from water services		1,017,748	1,014,775
Grants received		418	3,089
Interest received		2,426	3,868
Other revenue		8,540	4,583
GST collected		30,452	32,903
<i>Outflows:</i>			
Payments to suppliers and employees		(288,613)	(311,542)
Finance and borrowing costs		(454,075)	(470,108)
GST paid		(30,246)	(32,951)
Other		(3,616)	(3,925)
<b>Net cash provided by operating activities</b>	CF-1	<b>283,034</b>	<b>240,692</b>
<b>Cash flows from investing activities</b>			
<i>Inflows:</i>			
Proceeds from sale of plant and equipment		401	1,436
<i>Outflows:</i>			
Payments for property, plant and equipment		(121,184)	(135,327)
Payments for intangibles		(2,546)	(6,943)
<b>Net cash used in investing activities</b>		<b>(123,329)</b>	<b>(140,834)</b>
<b>Cash flows from financing activities</b>			
<i>Outflows:</i>			
Lease payments		(686)	(658)
<b>Net cash provided by financing activities</b>		<b>(686)</b>	<b>(658)</b>
Net increase in cash and cash equivalents		159,019	99,200
Cash and cash equivalents at the beginning of the financial year		313,997	214,797
<b>Cash and cash equivalents at the end of the financial year</b>	C1	<b>473,016</b>	<b>313,997</b>

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

	2021 \$000	2020 \$000
<b>Operating profit</b>	<b>12,596</b>	<b>37,098</b>
<b>Non-cash items included in operating result:</b>		
Depreciation and amortisation expense	264,719	264,514
Losses/ (gains) on sale of property, plant and equipment	(177)	393
Lease	893	912
Income tax expense	7,199	17,917
Revaluation increment	-	(34,962)
Doubtful debts expenses	3	4
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	1,556	(7,296)
(Increase)/decrease in inventories	(437)	(1,032)
(Increase)/decrease in GST receivable	197	(38)
(Increase)/decrease in other current assets	(920)	(1,872)
Increase/(decrease) in trade and other payables	5,123	(25,062)
Increase/(decrease) in employee benefits	3,741	5,748
Increase/(decrease) in other liabilities	(11,382)	(11,382)
Increase/(decrease) in loan interest payable	(86)	(4,240)
Increase/(decrease) in GST payable	9	(10)
<b>Net cash provided by operating activities</b>	<b>283,034</b>	<b>240,692</b>

### CF – 2 Changes in liabilities arising from financing activities

	Non cash changes			Cash flows			Closing balance \$000
	Opening balance \$000	Transfers to / (from) QTC \$000	New lease acquired \$000	Other \$00	Cash received \$000	Cash repayments \$000	
<b>2021</b>							
Leases	5,562	-	-	300	-	(686)	5,176
Borrowings	9,384,583	-	-	-	-	-	9,384,583
<b>Total</b>	<b>9,390,145</b>	<b>-</b>	<b>-</b>	<b>300</b>	<b>-</b>	<b>(686)</b>	<b>9,389,759</b>
<b>2020</b>							
Leases	-	-	5,900	320	-	(658)	5,562
Borrowings	9,384,583	-	-	-	-	-	9,384,583
<b>Total</b>	<b>9,384,583</b>	<b>-</b>	<b>5,900</b>	<b>320</b>	<b>-</b>	<b>(658)</b>	<b>9,390,145</b>

# 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 2020
- other authoritative pronouncements.

### A1-3 Impact of COVID-19

In response to the COVID-19 pandemic, the Entity commenced formal Emergency Management activities 9 March 2020, for the purposes of protecting workforce health and wellbeing, and maintaining water supply, dam safety activities and the capacity to perform flood mitigation services.

#### Operational financial impact

Financial responses to the COVID-19 pandemic have been varied, and include rent relief, reductions in employee benefits relating to future performance payments, as well as expenditure directly relating to specified activities including cleaning services and employee allowances.

The impact of these responses has been immaterial, with the provision of rent relief and increased employee allowances, being offset by the reduction in employee benefits relating to performance payments.

#### Asset valuation impact

The COVID-19 pandemic has been considered in the annual asset valuation through the examination of cashflow scenario impacts and commercial WACC adjustment.

At 30 June 2021 the Entity has not observed material changes in cashflow forecasts as a result of COVID-19 impacts and has therefore elected to record COVID-19 asset valuation impacts via the adjustment of the commercial WACC used in discounting future cashflows. The Entity's reported WACC of 5.90% (2020: 5.95%) includes a non-asset specific risk premium to reflect the current market environment.

## A1-4 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 Investment issued to the Entity on 29 June 2021. This letter is effective from 30 June 2021 to 21 August 2022;
- 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 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 2021, 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 2021 and has a cash balance of \$473 million at 30 June 2021 (refer to Note C1).

## A1-5 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
Income tax and utilisation of tax losses	C8	Recoverability of deferred tax assets and recognition of deferred tax liabilities
Contingencies	D2	Litigation in progress Judgements relating to the 2011 Floods Class Action

## **A1-6 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.

## **A1-7 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 2019-20 financial statements except where restated for identified prior period errors.

## 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.

## A1-8 Prior period adjustments

During the reporting period, the Entity has undertaken a review of employment arrangements. While the review continues, work to date has identified that rectification payments were required to be made to current and former staff members in the review period from 1 January 2013.

An estimate has been completed for the period between financial years 2013 to 2019. The annual amounts were not material to profit for any of the individual years to which they related. A total of \$5.8 million is included in the restatement of retained earnings as required by AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

In addition, the Entity has recognised net \$1.1 million as an expense in 2021 relating to rectification payments. The estimate has been revised based on the ongoing employment arrangement considerations and additional data.

The prior period adjustment has been corrected by restating the affected financial statement line items for the prior periods as follows:

Balance Sheet (Extract)	As previously stated 30 June 2019 \$000	Increase/(decrease) 30 June 2019 \$000	Restated 30 June 2019 \$000
Current liabilities – employee Benefits	20,780	5,878	26,658
Non current liabilities - deferred tax liabilities	155,630	(1,763)	153,867
Net assets	1,681,615	(4,115)	1,677,500
Accumulated deficit	(327,343)	(4,115)	(331,458)
Total equity	1,681,615	(4,115)	1,677,500

## A1-9 Authorisation of financial statements for issue

The financial statements were authorised for issue by the Board on 21 September 2021.

## 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"> <li>The Bulk Water Supply Agreements (BWSA) between the Entity and the DRs set out the terms and conditions for the monthly water billing.</li> <li>The unit price per megalitre is in accordance with the Ministerial set price.</li> <li>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.</li> </ul>	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"> <li>The bulk water supply agreements between the parties set out the terms and conditions for the monthly water billing.</li> <li>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.</li> <li>Based on the Entity’s past experience, all the Stanwell Corporation and Toowoomba Regional Council invoices are paid within the agreed payment terms, no impairment indicator exists for the monthly billing to them.</li> </ul>	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"> <li>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.</li> <li>Irrigation customers have various supply contracts with the Entity.</li> <li>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.</li> <li>The charges for Part A and Part B are in accordance with the Ministerial set prices.</li> </ul>	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

	2021 \$000	2020 \$000
Water sales – water grid	1,012,944	1,018,766
Water sales – irrigation	3,838	3,711
<b>Total</b>	<b>1,016,782</b>	<b>1,022,477</b>

## 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 attaching 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.

	2021 \$000	2020 \$000
CSO	1,602	1,971
Government grant	11,746	12,500
<b>Total</b>	<b>13,348</b>	<b>14,471</b>

## B1-3 Other revenue

	2021 \$000	2020 \$000
Interest	2,385	3,676
Insurance claims	4,440	2,330
Other	2,240	2,368
<b>Total</b>	<b>9,065</b>	<b>8,374</b>

## B2 Employee benefit expenses

	2021 \$000	2020 \$000
<b>Employee benefits</b>		
Wages and salaries	85,338	78,221
Annual leave expenses	7,985	8,081
Long service leave expenses	2,244	2,819
Employer superannuation contributions	10,355	10,584
<b>Employee related expenses</b>		
Workers' compensation premium	362	353
Payroll tax	4,853	4,700
Other employee related expenses	1,494	2,715
<b>Total</b>	<b>112,631</b>	<b>107,473</b>

## 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

The Entity currently contributes to QSuper for employees under both defined benefit and accumulation superannuation schemes. QSuper is a superannuation scheme for Queensland Government employees, the contribution rates are determined by the Treasurer on the advice of the State Actuary.

The Entity's obligation is limited to its contribution to QSuper. The QSuper scheme has defined benefit and defined contribution categories. 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 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:

	2021	2020
<b>Number of employees</b>		
Permanent employees	663	617
Fixed term employees	157	210
<b>Total</b>	<b>820</b>	<b>827</b>

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

## B3 Supplies and services

	2021 \$000	2020 \$000
Labour hire	2,100	2,408
Consultancies and contractors*	17,380	26,913
Operational contracts	31,356	27,047
Energy	25,016	24,046
Information technology and communications	12,791	10,855
Repairs and maintenance – dams and weirs	4,502	5,262
Repairs and maintenance – water treatment plants	8,709	9,313
Repairs and maintenance – pipelines and other	14,841	14,512
Chemicals and treatments	27,298	29,049
Legal	7,205	4,109
Supplier and consumables	19,250	17,138
Bulk water service purchase payment	3,579	3,798
Other expenses	1,878	2,187
<b>Total</b>	<b>175,905</b>	<b>176,637</b>

\*includes specialists for engineering, project management, environmental and asset management, accounting and economic advice.

## B4 Finance/borrowing costs

	2021 \$000	2020 \$000
Interest paid or payable to QTC	453,988	465,868
Interest on lease liabilities	301	319
Other financial costs	12	15
<b>Total</b>	<b>454,301</b>	<b>466,202</b>

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 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

	2021 \$000	2020 \$000
Insurance	7,940	5,949
External audit fees*	339	315
Rates and taxes	2,535	2,466
Losses/ (gain) on disposal - net	(177)	393
Other	614	727
<b>Total</b>	<b>11,251</b>	<b>9,850</b>

\* Total audit fees quoted by the Queensland Audit Office relating to the 2020-21 financial statements are \$339k (2020: \$326k)

## 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:

	2021 \$000	2020 \$000
Profit before income tax	19,795	55,015
Prima facie income tax thereon at 30% (2020: 30%)	5,939	16,505
Add:		
Recognition of under/over tax provision	(4)	-
Tax impact of revaluations on disposals	-	-
Recognition of capital losses	-	148
Depreciation difference on transferred council assets	1,261	1,261
Non-deductible expenses	3	3
<b>Total</b>	<b>7,199</b>	<b>17,917</b>

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

	2021 \$000	2020 \$000
Cash at bank	18,154	20,909
Short-term deposits	454,862	293,088
<b>Total</b>	<b>473,016</b>	<b>313,997</b>

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 and bank overdrafts. There are no bank overdrafts at reporting date.

### C2 Trade and other receivables

	2021 \$000	2020 \$000
Trade debtors – retail	139,045	139,540
Trade debtors – other	5,518	6,590
Less: Provisions for impairment	(115)	(122)
<b>Total</b>	<b>144,448</b>	<b>146,008</b>
GST receivable	3,324	3,521
GST payable	(157)	(148)
<b>Total</b>	<b>3,167</b>	<b>3,373</b>
<b>Total</b>	<b>147,615</b>	<b>149,381</b>
<b>Receivables arising from contracts with Customers</b>		
Balance at 1 July	139,540	133,832
Increase / (decrease)	(495)	5,708
<b>Balance at 30 June</b>	<b>139,045</b>	<b>139,540</b>

#### 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 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.

#### Impairment of receivables

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 four years preceding 30 June 2021. 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)

	2021			2020		
	Gross receivables \$000	Loss rate	Expected credit losses \$000	Gross receivables \$000	Loss rate	Expected credit losses \$000
<b>Receivables</b>						
1 to 30 days overdue	2	-	-	150	19%	29
31 to 60 days overdue	125	25%	31	176	19%	34
61 to 90 days overdue	20	25%	5	39	18%	7
>90 days overdue	495	16%	79	302	17%	52
<b>Total overdue</b>	<b>642</b>		<b>115</b>	<b>667</b>		<b>122</b>

### Movement in allowance for impairment for impaired receivables

	2021 \$000	2020 \$000
Balance at 1 July	(122)	(135)
Decrease/ (increase) in allowance recognized in operating result	4	(5)
Amount written-off during the year in respect of bad debts	3	18
<b>Total</b>	<b>(115)</b>	<b>(122)</b>

## 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

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, less any subsequent accumulated depreciation and impairment losses where applicable.

## 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	Profession valuation – market value	5 years
Buildings	Professional valuation – market value/ current replacement cost	5 years
Infrastructure assets	Board adopted valuation – income approach	5 years

\* Valuation are more frequent where the Board consider 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

Land was valued by an internal professional valuer between February and June 2020 with an effective date of 30 June 2020. The valuations were performed using the fair value principle by reference to observable prices in an active market as well as recent market transactions on an arm's length basis. A random sample of 5% of the valuation results were assessed by an external valuation professional, Herron Todd White, to certify appropriate methodology and practice had been adhered to.

Additions since the time of the independent valuations have been recorded at cost.

Land with a total value of \$26,496,275 (2020: \$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.

## Buildings

Office buildings and rental properties were valued by an internal professional valuer, with an effective date of 30 June 2020. The valuations were performed using the fair value principles:

- where an "active liquid market" is available for an asset, that market price represents the best evidence of an assets fair value; and
- where an "active liquid market" for the asset does not exist, the best indication of its fair value is "current replacement cost".

Additions since the time of the valuations have been recorded at cost.

Comprehensive revaluation and condition assessment by a professional valuer are 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 2021. 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:

- drought likelihood probability has been factored into valuation inputs by the inclusion of a drought overlay scenario weighting, blending the drought and fair-weather asset valuation profiles;
- 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 5.90% (2020: 5.95%) 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 2021-22 Budget, extrapolated post financial year 2025 based on forecast production; and
- the projected regulatory asset base value (at a multiple of 1) has been used to compute the terminal value of the valuation.

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	2021	2020
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 likelihood of drought occurring has a value of 50% and may continue to increase over the next 12 months. In consideration of this material change the 2021 asset valuation has been prepared with the inclusion of a drought overlay probability weighting, effectively blending two distinct valuations: drought and fair-weather valuation profiles.

Valuation profile	Profile assumptions	2021	2020
Fair-weather	Base assumptions for demand, operational and capital expenditure and pricing.	92%	92%
Drought	Drought overlay assumptions factor in water restrictions, increased operational and capital expenditure, and pricing impacts.	8%	8%

### Level 3 significant valuation inputs and relationship to fair value

The following summarises the quantitative information on significant unobservable inputs (level 3) used 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 to 30 June 2021, and the estimated QCA bulk water price path from 2022 to 2028. The QCA bulk water price path has been determined 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 (2020: 1.00).	A higher terminal value and multiple increases the fair value.
WACC discount rate	A post tax nominal WACC of 5.90% with a range of 5.4% - 6.4% (2020: 5.95% with a range of 5.55% - 6.35%) has been applied in the valuation. The WACC discount rate used is based on professional valuation advice and is considered the best estimate of a long-term view of the market cost of capital.	The higher the nominal vanilla WACC, the lower the fair value.

A fair value assessment for the Entity was undertaken as at 30 June 2021 using the income approach methodology which determined the fair value to be \$11.1B (2020: \$11.2B).

### 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, work in progress 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.

Major spares purchased specifically for particular assets are capitalised and depreciated on the same basis as the asset to which they relate.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete 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:

	2021 \$000	2020 \$000
<b>Property, plant and equipment</b>		
Within one year	115,658	79,722
One year and no later than five years	4,099	13,396
More than five years	-	-
<b>Total</b>	<b>119,757</b>	<b>93,118</b>

### 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**

2021	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			
	Fair value Level 2	Fair value Level 2	Fair value Level 3	Fair value Level 3	Fair value Level 3	Cost	Cost	
Basis of measurement								
Fair value category	619,024	11,268	3,556,091	2,902,560	3,611,265	215,829	215,829	10,968,749
Amount	-	-	-	-	-	(24,303)	-	(24,303)
Less: accumulated depreciation								
<b>Carrying amount at 30 June 2021</b>	<b>619,024</b>	<b>11,268</b>	<b>3,556,091</b>	<b>2,902,560</b>	<b>3,611,265</b>	<b>28,409</b>	<b>215,829</b>	<b>10,944,446</b>
<i>Represented by movements in carrying amount:</i>								
Balance at 1 July 2020	618,725	11,789	3,584,121	2,997,401	3,672,010	26,940	167,965	11,078,951
Acquisitions	299	-	-	-	-	2,104	120,344	122,747
Transfer between classes	-	-	19,546	36,492	12,655	6,585	(72,480)	2,798
Valuation increments (decrements) to P&L	-	-	-	-	-	-	-	-
Valuation increments to equity	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	(224)	-	(224)
Depreciation for the year	-	(521)	(47,576)	(131,333)	(73,400)	(6,996)	-	(259,826)
<b>Carrying amount at 30 June 2021</b>	<b>619,024</b>	<b>11,268</b>	<b>3,556,091</b>	<b>2,902,560</b>	<b>3,611,265</b>	<b>28,409</b>	<b>215,829</b>	<b>10,944,446</b>
<b>Carrying amount under cost model at 30 June 2021</b>	<b>509,909</b>	<b>8,643</b>	<b>1,725,871</b>	<b>1,858,407</b>	<b>3,245,120</b>	<b>28,409</b>	<b>215,829</b>	<b>7,592,188</b>

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

2020	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 Level 2	Fair value Level 2	Fair value Level 3	Fair value Level 3	Fair value Level 3	Cost	Cost	
Amount	618,725	11,789	3,584,121	2,997,401	3,672,010	167,965	167,965	11,101,933
Less: accumulated depreciation	-	-	-	-	-	(22,982)	-	(22,982)
<b>Carrying amount at 30 June 2020</b>	<b>618,725</b>	<b>11,789</b>	<b>3,584,121</b>	<b>2,997,401</b>	<b>3,672,010</b>	<b>26,940</b>	<b>167,965</b>	<b>11,078,951</b>
<i>Represented by movements in carrying amount:</i>								
Balance at 1 July 2019	535,967	10,208	3,613,684	3,088,514	3,725,461	22,587	128,432	11,124,853
Acquisitions	6,391	-	-	-	-	2,962	127,148	136,501
Transfer between classes	-	-	17,217	38,786	23,471	8,141	(87,615)	-
Valuation increments (decrements) to P&L	35,686	(724)	-	-	-	-	-	34,962
Valuation increments to equity	41,566	2,781	-	-	-	-	-	44,347
Disposal	(885)	-	-	-	-	(820)	-	(1,705)
Depreciation for the year	-	(476)	(46,780)	(129,899)	(76,922)	(5,930)	-	(260,007)
<b>Carrying amount at 30 June 2020</b>	<b>618,725</b>	<b>11,789</b>	<b>3,584,121</b>	<b>2,997,401</b>	<b>3,672,010</b>	<b>26,940</b>	<b>167,965</b>	<b>11,078,951</b>
<b>Carrying amount under cost model at 30 June 2020</b>	<b>509,610</b>	<b>8,971</b>	<b>1,728,287</b>	<b>1,897,933</b>	<b>3,301,104</b>	<b>26,940</b>	<b>167,965</b>	<b>7,640,810</b>

## 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 \$0.7M (2020: \$1.0M).

### 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.

#### C4-4 Intangible assets – balances and reconciliation of carrying amount

2021	Land easements* \$000	Software purchased \$000	Other intangibles \$000	Software work in progress \$000	Total \$000
Gross	153,026	19,239	5,002	6,774	184,041
Less: accumulated amortisation	(16,455)	(13,122)	(2,164)	-	(31,741)
<b>Carrying amount at 30 June 2021</b>	<b>136,571</b>	<b>6,117</b>	<b>2,838</b>	<b>6,774</b>	<b>152,300</b>
<i>Represented by movements in carrying amount:</i>					
Balance at 1 July 2020	138,316	6,146	2,961	10,976	158,399
Acquisitions	217	-	-	1,376	1,593
Transfer between classes	-	2,780	-	(5,578)	(2,798)
Disposal	-	-	-	-	-
Amortisation for the year	(1,962)	(2,809)	(123)	-	(4,894)
<b>Carrying amount at 30 June 2021</b>	<b>136,571</b>	<b>6,117</b>	<b>2,838</b>	<b>6,774</b>	<b>152,300</b>

\*the remaining amortisation period for land easements is 70 years.

2020	Land easements \$000	Software purchased \$000	Other intangibles \$000	Software work in progress \$000	Total \$000
Gross	152,809	18,440	5,002	10,976	187,227
Less: accumulated amortisation	(14,493)	(12,294)	(2,041)	-	(28,828)
<b>Carrying amount at 30 June 2020</b>	<b>138,316</b>	<b>6,146</b>	<b>2,961</b>	<b>10,976</b>	<b>158,399</b>
<i>Represented by movements in carrying amount:</i>					
Balance at 1 July 2019	139,917	6,879	3,084	6,082	155,962
Acquisitions	355	-	-	6,714	7,069
Transfer between classes	-	1,820	-	(1,820)	-
Disposal	-	(124)	-	-	(124)
Amortisation for the year	(1,956)	(2,429)	(123)	-	(4,508)
<b>Carrying amount at 30 June 2020</b>	<b>138,316</b>	<b>6,146</b>	<b>2,961</b>	<b>10,976</b>	<b>158,399</b>

## C5 Trade and other payables

	2021 \$000	2020 \$000
<b>Current</b>		
Trade and other payables	40,836	35,208
<b>Total</b>	<b>40,836</b>	<b>35,208</b>

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.

## C6 Employee benefits

	2021 \$000	2020 (restated) \$000
<b>Current</b>		
Salaries and wages accrued	3,451	2,905
Liability for long service leave	11,981	10,673
Liability for annual leave	10,681	9,749
Other employee entitlements	8,409	7,559
<b>Total</b>	<b>34,523</b>	<b>30,886</b>
<b>Non-current</b>		
Liability for long service leave	3,704	3,599
<b>Total</b>	<b>3,704</b>	<b>3,599</b>

### Long service leave movement

	2021 \$000	2020 \$000
Balance at 1 July	14,272	12,411
Additional provision made	2,391	1,428
Provision utilized through payments	(978)	(1,067)
Changes in discount rate / passage of time	-	1,500
<b>Balance at 30 June</b>	<b>15,685</b>	<b>14,272</b>

### 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 107% (2020: 107%) 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 is 30 June 2021.

## 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 21 June 2021, 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 2021.

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:

	2021 \$000	2020 \$000
QTC – Water grid debt	2,157,372	2,157,458
QTC – Drought assets debt	5,404,919	5,404,919
QTC – Non-drought assets debt	1,858,863	1,858,863
<b>Total</b>	<b>9,421,154</b>	<b>9,421,240</b>
Loans interest payable – current	36,571	36,657
Loans principal - current	240,278	-
Loans principal – non current	9,144,305	9,384,583
<b>Total</b>	<b>9,421,154</b>	<b>9,421,240</b>

The Weighted Average Borrowing Rate for QTC borrowings as at 30 June 2021 is 4.80% (2020: 4.84%). Interest payments are made monthly in arrears at rates ranging from 4.21% to 5.02% (2020: 4.76% to 4.98%). 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 2020-21.

## C7-2 Credit standby arrangement

Drawn	-	-
Unused	200,000	200,000
<b>Total</b>	<b>200,000</b>	<b>200,000</b>

The credit standby facility remains fully undrawn at 30 June 2021 and is available for use in the next reporting period. The current overdraft interest rate is 0.19% (2020: 0.65%)

## 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.

2021	Carrying amount \$000	Fair value \$000
QTC borrowings – loans	9,421,154	11,349,479
<b>Total</b>	<b>9,421,154</b>	<b>11,349,479</b>

2020	Carrying amount \$000	Fair value \$000
QTC borrowings – loans	9,421,240	11,881,927
<b>Total</b>	<b>9,421,240</b>	<b>11,881,927</b>

## 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:

Property, plant and equipment	-	(1,270,754)	(1,270,754)
Lease liability	138	-	138
Provision for employee benefits	8,958	-	8,958
Tax losses	981,907	-	981,907
Government grant	84,644	-	84,644
Inventory	-	(443)	(443)
Accrued expenses	3,262	-	3,262
<b>Total deferred tax assets / (liabilities)</b>	<b>1,078,909</b>	<b>(1,271,197)</b>	<b>(192,288)</b>

Property, plant and equipment	-	(1,296,133)	(1,296,133)
Lease liability	76	-	76
Provision for employee benefits	8,316	-	8,316
Tax losses	1,012,282	-	1,012,282
Government grant	88,059	-	88,059
Inventory	-	(583)	(583)
Accrued expenses	2,894	-	2,894
<b>Total deferred tax assets / (liabilities)</b>	<b>1,111,627</b>	<b>(1,296,716)</b>	<b>(185,089)</b>

## C8-2 Movement in temporary difference during the year

	2020 \$000	Recognised in profit or loss \$000	Acquired in equity \$000	2021 \$000
Property, plant and equipment	(1,296,133)	25,379	-	(1,270,754)
Lease liability	76	62	-	138
Provision	8,316	642	-	8,958
Tax losses	1,012,282	(30,375)	-	981,907
Government grant	88,059	(3,415)	-	84,644
Inventory	(583)	140	-	(443)
Accrued expenses	2,894	368	-	3,262
<b>Total</b>	<b>(185,089)</b>	<b>(7,199)</b>	<b>-</b>	<b>192,288</b>

	2019 (restated) \$000	Recognised in profit or loss \$000	Acquired in equity \$000	2020 \$000
Property, plant and equipment	(1,298,604)	15,776	(13,305)	(1,296,133)
Lease liability	-	76	-	76
Provision	6,359	1,957	-	8,316
Tax losses	1,044,066	(31,784)	-	1,012,282
Government grant	91,473	(3,414)	-	88,059
Inventory	(513)	(70)	-	(583)
Accrued expenses	3,352	(458)	-	2,894
<b>Total</b>	<b>(153,867)</b>	<b>(17,917)</b>	<b>(13,305)</b>	<b>(185,089)</b>

### 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 2021, \$101,146,920 of tax losses were utilised (2020: \$105,931,818) with tax losses carried forward at 30 June 2021 amounting to \$3,273 million (2020: \$3,374 million). A DTA of \$981 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	2021 \$000	2020 \$000
<b>Current</b>			
Unearned revenue – government grant	B1-2	11,382	11,382
Other		564	459
<b>Total</b>		<b>11,946</b>	<b>11,841</b>
<b>Non-current</b>			
Unearned revenue – government grant	B1-2	270,764	282,146
<b>Total</b>		<b>270,764</b>	<b>282,146</b>

### C10 Right of use assets and lease liabilities

#### C10-1 Leases as Lessee

##### Right-of-use assets

	2021 \$000	2020 \$000
<b>Building lease</b>		
Opening balance at 1 July	5,308	5,900
Additions	-	-
Depreciation charge	(593)	(592)
Disposals / Derecognition	-	-
Other adjustments	-	-
<b>Closing balance at 30 June</b>	<b>4,715</b>	<b>5,308</b>

##### Lease liabilities

	2021 \$000	2020 \$000
<b>Current</b>		
Lease liabilities	435	386
<b>Non-current</b>		
Lease liabilities	4,741	5,176
<b>Total</b>	<b>5,176</b>	<b>5,562</b>

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.

	2021 \$000	2020 \$000
<b>(i) Amount recognised in profit or loss</b>		
Interest expense on lease liabilities	301	319
Expenses relating to office accommodation with QLD Government	2,792	2,792
Expenses relating to leasehold lands	17	16
<b>(ii) Total cash outflow for leases</b>	<b>686</b>	<b>658</b>

### 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.

	2021 \$000	2020 \$000
Less than one year	808	681
Between one and five years	1,525	1,624
More than five years	8,609	8,741
<b>Total</b>	<b>10,942</b>	<b>11,046</b>

## C11 Asset revaluation surplus by asset class

2021	Land \$000	Building \$000	Infrastructure \$000	Total \$000
Balance at 1 July 2020	108,422	3,968	2,643,498	2,755,888
Transfer between classes	-	-	-	-
Revaluation increments / (decrements)	-	-	-	-
Asset revaluation on disposal	-	-	-	-
Deferred tax liabilities	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>108,422</b>	<b>3,968</b>	<b>2,643,498</b>	<b>2,755,888</b>

2020	Land \$000	Building \$000	Infrastructure \$000	Total \$000
Balance at 1 July 2019	79,326	2,022	2,643,498	2,724,846
Transfer between classes	-	-	-	-
Revaluation increments / (decrements)	41,566	2,781	-	44,347
Asset revaluation on disposal	-	-	-	-
Deferred tax liabilities	(12,470)	(835)	-	(13,305)
<b>Balance at 30 June 2020</b>	<b>108,422</b>	<b>3,968</b>	<b>2,643,498</b>	<b>2,755,888</b>

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	2021 \$000	2020 \$000
<b>Financial assets</b>			
Cash and cash equivalents	C1	473,016	313,997
Trade and other receivables	C2	147,615	149,381
<b>Total</b>		<b>620,631</b>	<b>463,378</b>
<b>Financial liabilities</b>			
Trade and other payables	C5	40,836	35,208
Interest bearing liabilities – QTC borrowing	C7	9,421,154	9,421,240
<b>Total</b>		<b>9,461,990</b>	<b>9,456,448</b>

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	2021 \$000	2020 \$000
<b>Financial liabilities</b>			
Guarantee	D3	705	705
<b>Total</b>		<b>705</b>	<b>705</b>

### 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.

100% (2020: 100%) 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.

2021	Payable in			Total \$000
	<1 year \$000	1 5 years \$000	>5 years \$000	
<b>Financial liabilities</b>				
QTC borrowings - loans	686,497	2,831,073	7,995,687	11,513,257
Trade and other payables	40,836	-	-	40,836
<b>Total</b>	<b>727,333</b>	<b>2,831,073</b>	<b>7,995,687</b>	<b>11,554,093</b>

2020	Payable in			Total \$000
	<1 year \$000	1 5 years \$000	>5 years \$000	
<b>Financial liabilities</b>				
QTC borrowings - loans	454,075	1,815,942	9,384,583	11,654,600
Trade and other payables	35,208	-	-	35,208
<b>Total</b>	<b>489,283</b>	<b>1,815,942</b>	<b>9,384,583</b>	<b>11,689,808</b>

### 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.

2021	Net carrying amounts \$000	1%		+1%	
		Profit \$000	Equity \$000	Profit \$000	Equity \$000
Cash and cash equivalents	473,016	(4,730)	(4,730)	4,730	4,730
QTC borrowings – loans	9,421,154	3,237	3,237	(2,839)	(2,839)
<b>Overall effect on profit and equity</b>		<b>(1,493)</b>	<b>(1,493)</b>	<b>1,891</b>	<b>1,891</b>

2020	Net carrying amounts \$000	1%		+1%	
		Profit \$000	Equity \$000	Profit \$000	Equity \$000
Cash and cash equivalents	313,997	(3,140)	(3,140)	3,140	3,140
QTC borrowings – loans	9,421,240	4,508	4,508	(3,688)	(3,688)
<b>Overall effect on profit and equity</b>		<b>1,368</b>	<b>1,368</b>	<b>(548)</b>	<b>(548)</b>

### 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 2021 is \$0 (2020: \$0).

	Notes	2021 \$000	2020 \$000
Total borrowings	C7	9,421,154	9,421,240
Total assets (excluding cash and cash equivalents)		11,265,611	11,407,216
<b>Gearing ratio</b>		<b>84%</b>	<b>83%</b>

## D2 Contingencies

### Insurance claims

The Entity has the following insurance claims in progress as at 30 June 2021:

- in relation to the insurance matter relating to the January 2011 South East Queensland flood (refer to the litigation in progress section).

### Remuneration Rectification

The Entity continues the review of its remuneration practices and is committed to rectifying all areas of risk. This may result in further amounts being payable to former and current staff.

### Financial guarantees and associated credit risk

	2021 \$000	2020 \$000
A guarantee provided to Stanwell Corporation Limited, in respect of the operation and maintenance agreement of the Wivenhoe Hydro Plant	200,000	200,000
Guarantees provided to Sentinel Regional Office Pty Ltd, in relation to the lease premises at 200 Creek Street, Brisbane	494,851	494,851
A guarantee provided to Australian Energy Market Operator limited as a market participant to comply with certain prudential requirements	10,000	10,000
<b>Total</b>	<b>704,851</b>	<b>704,851</b>

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 Financial Instruments for full transparency purposes.

### **Litigation in progress**

As at 30 June 2021, the following cases were filed in the courts naming the Entity as defendant:

- The Entity was one of three defendants in representative proceedings filed July 2014 in connection with the January 2011 Floods. The trial commenced October 2017 in the Supreme Court of New South Wales, with judgement handed down in favour of the plaintiff in November 2019. The Entity appealed the judgement, and the appeal was heard in May 2021, refer to Note D3.
- A second claim, relating to the matter above was filed on 9 January 2017. This claim was commenced on behalf of all group members in the proceedings above except for the lead plaintiff (Rodriguez & Sons Pty Ltd) and mirrored the allegations in the substantive class action claim. The proceedings have been discontinued against the Entity save for the issue of costs. No damages were awarded to any of the plaintiffs in this proceeding. Resolution of any residual issues in relation to costs will be determined as part of the initial class action claim.
- A statement of claim against the Entity's contractor in respect of outstanding sub-contractor charges, the Entity is named as second defendant.
- A claim against the Entity in respect all alleged refusal to access reservoir tower to install telecommunications infrastructure under Telemetry Access Permit.

As at 30 June 2021, a debt recovery claim in respect of outstanding irrigation water charges was filed in the courts naming the Entity as plaintiff.

As at 30 June 2021, the Entity has joined four 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 Events after the balance date**

On 8 September 2021, the NSW Court of Appeal overturned the liability judgement and all findings of breach of duty. The Entity is not liable to the plaintiff or any group members. The proceeding has been dismissed, subject to any residual issues in relation to costs. The plaintiff has been ordered to pay the Entity's costs of its appeal. No orders have yet been made in relation to the costs of the proceedings before the trial judge. The matter has been remitted to the primary judge to finalise the costs orders.

### **D4 Future impact of accounting standards not yet effective**

All other 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.

#### **Accounting standards early adopted**

No Australian Accounting Standards have been early adopted for 2020-21.

## 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, Minister for Investment and the Hon. Glenn Butcher MP, Minister for Regional Development and Manufacturing and Minister for Water, commenced on the 19 November 2020. The Hon. Dr Anthony Lynham, former Minister for Natural Resources, Mines and Energy up to 11 November 2020 and the Hon. Steven Miles, former Minister for Regional Development and Manufacturing and Minister for Water from the 12 November up to 18 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 2020-21. 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:

	2021		2020	
	Salary and fees \$	Superannuation contribution \$	Salary and fees \$	Superannuation contribution \$
David Hamill	113,500	10,830	113,500	10,782
Penny Tovey	57,208	5,459	52,500	4,988
Marita Corbett	62,963	-	32,858	-
John McEvoy	42,419	4,054	-	-
Catherine Mickel	39,992	3,822	-	-
Gail Ker	43,791	-	-	-
Marina Vit	-	-	53,000	5,035
Shane McGrath	13,250	1,259	52,083	4,948
John Dempsey	-	-	13,250	1,259
Michael Arnett	-	-	14,375	1,366
<b>Total</b>	<b>373,123</b>	<b>25,424</b>	<b>331,566</b>	<b>28,378</b>

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.

M Vit appointed as Member of the Board on 1 October 2016, her appointment ended on 30 June 2020.

S McGrath appointed as Member of the Board on 18 December 2014, his term of appointment ended on 30 September 2017. Mr McGrath was reappointed as a Member of the Board on 5 January 2018, his appointment ended on 30 September 2020.

J Dempsey appointed as Member of the Board on 23 December 2016, his appointment ended on 30 September 2019.

M Arnett appointed as Member of the Board on 1 January 2013, his appointment ended on 30 September 2019.

## 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 under the direction set by the Responsible Ministers as provided for under the State Water Authorities - Governance Arrangements for Chief and Senior Executives. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts. The contracts provide for the provision of performance related cash bonuses and other benefits including car parking.

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.

Position	1 July 2020		30 June 2021		Termination benefits	Total expenses
	Short term employee expenses		Long term employee expenses <sup>^</sup>	Post employment expenses		
	Monetary expenses	Non monetary expenses				
\$	\$	\$	\$	\$	\$	
N Brennan – CEO	455,255	-	10,054	20,745	-	486,054
S Cassie – COO	407,447	-	9,887	37,853	-	455,187
R Muir – GM	383,520	-	9,305	36,448	-	429,273
L Bruce – GM	350,502	-	8,842	39,741	-	399,085
M Williams – GM	326,623	-	7,938	30,778	-	365,339
B van Heerden – GM	324,384	-	8,381	39,939	-	372,704
B Linaker – GM	316,175	-	7,878	30,166	-	354,219
W Harpham – GC	231,949	-	6,007	23,529	-	261,485
<b>Total</b>	<b>2,795,855</b>	<b>-</b>	<b>68,292</b>	<b>259,199</b>	<b>-</b>	<b>3,123,346</b>

N Brennan appointed as CEO on 20 August 2018.

S Cassie appointed as COO on 11 November 2019.

R Muir appointed as GM on 18 September 2017.

L Bruce appointed as GM on 25 November 2019.

M Williams appointed as GM on 4 November 2019.

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.

Position	1 July 2019		30 June 2020		Termination benefits	Total expenses
	Short term employee expenses		Long term employee expenses <sup>^</sup>	Post employment expenses		
	Monetary expenses	Non monetary expenses				
\$	\$	\$	\$	\$	\$	
N Brennan – CEO	523,775	11,004	12,019	20,745	-	567,543
S Cassie – COO	269,498	-	6,322	24,022	-	299,842
R Muir – GM	373,633	-	18,035	35,491	-	427,159
L Bruce – GM	208,496	-	5,024	25,620	-	239,140
M Williams – GM	211,662	-	5,132	22,067	-	238,861
B van Heerden – GM	218,249	-	5,262	26,835	-	250,346
B Linaker – GM	236,995	-	5,496	20,884	-	263,375
W Harpham – GC	197,118	-	7,647	19,083	-	223,848
D Spiller - GM	119,927	-	-	12,954	116,307	249,188
D Gregory – CFO	90,270	-	-	11,227	102,420	203,917
S Frazer - GC	83,513	-	-	13,256	100,239	197,008
L Kearins – GM	58,749	-	-	11,181	101,677	171,607
A Canning – A/GM	78,383	-	-	9,399	94,587	182,369
<b>Total</b>	<b>2,670,268</b>	<b>11,004</b>	<b>64,937</b>	<b>252,764</b>	<b>515,230</b>	<b>3,514,203</b>

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

D Spiller appointed as GM on 1 May 2013, left on 4 October 2019.

D Gregory appointed as CFO on 27 April 2017, left on 4 October 2019.

S Frazer appointed as GC on 1 January 2013, left of 26 September 2019.

L Kearins appointed GM on 18 September 2017, left on 4 October 2019.

A Canning acting as GM from 9 October 2017, left on 20 September 2019.

## Performance payments

Performance bonuses may be paid or payable annually depending upon satisfaction of key performance criteria. The calculation of the cash performance bonuses is as per the Entity's Remuneration Policy. Performance payments of key executive management are capped at 15% of total fixed remuneration. The amount payable is tied to the achievement of pre-determined Entity and individual performance targets as approved by the Board.

The cash performance bonuses for the 2020-21 year are yet to be determined by the Board. No performance bonus was approved by the Board for the 2019-20 year in line with the Queensland Government COVID-19 guidelines.

	Performance bonuses \$	Payment date
Performance payments during 2020-21 with respect to 2019-20 year	-	N/A
Performance payments during 2019-20 with respect to 2018-19 year	147,749	11 October 2019

## E2 Related party transactions

### Board members' transactions

Ms Marita Corbett was appointed as a Board member on 13 December 2019. 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 \$125,878 (2020: \$156,888), and commitment at reporting date is \$429,174(2020: \$275,606). 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 is the CEO of Access Community Services (ACS). 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 \$0 (2020: \$97,076) and \$0 commitment at reporting date;
- Department of State Development, Infrastructure, Local Government & Planning - management of acquisition of land and easements along pipeline corridor, total amount paid \$10,357 (2020: \$147,061) and \$0 commitment at reporting date;
- Department of Energy and Public Works – Lease of premise, total amount paid \$3,641,122 (2020: \$4,183,278), and commitment at reporting date is \$4,227,568;
- 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

The financial statements have been prepared in consideration of climate related risks and associated potential impacts on the amounts and disclosures contained therein. Key estimates and judgements have been made with reference to the Entity's Climate Change Adaptation Strategy and the Queensland Government Climate Adaptation Strategy and Built Environment and Infrastructure Sector Adaptation Plan.

### 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 accesses 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).

In alignment with the Queensland Climate Adaptation Strategy: Built Environment and Infrastructure Sector Adaptation Plan, the Entity has assessed the financial impacts relating to operations and cashflow, asset values and financing.

### Operations and cashflow

The Entity's Climate Change 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 2021 the drought overlay probability is 8% 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 met via the pricing recovery mechanisms of the regulatory framework.

# Management certificate for year ended 30 June 2021

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 2021 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



Signature

Date 21/09/2021 10:20 AM

Neil Brennan  
Chief Executive Officer



Signature

Date 21/09/2021 1:26 PM

Lee Bruce  
General Manager Corporate Services



Signature

Date 21/09/2021 11:59 AM

## 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 2021, 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 2021, 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 \$10.07b as at 30 June 2021. 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"> <li>• Demand: estimation of long term population growth and consumption rates.</li> <li>• Discount rate: a nominal post-tax discount rate reflecting what a market participant would use.</li> <li>• Capital expenditure: estimating future capital required to meet demand, comply with legislative obligations and maintain service levels.</li> <li>• Bulk water pricing: uncertainty of price structure post 2028 and the use of weighted pricing scenarios.</li> <li>• Terminal value: a projected regulatory asset base value to compute the terminal value.</li> </ul>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the discounted cash flow model, and assessing its design, integrity and appropriateness with reference to common industry practices.</li> <li>• 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.</li> <li>• 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.</li> <li>• Evaluating whether the discount rate applied was within a reasonable range, with reference to market data and industry research.</li> <li>• Challenging the reasonableness of key assumptions based on our knowledge of the entity and industry.</li> <li>• Performing a sensitivity analysis to assist in considering the potential impact of reasonably possible changes (downside/upside) in these key assumptions.</li> <li>• Verifying the mathematical accuracy of the net present value calculations.</li> </ul>

### **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"> <li>• Identifying the significant parts of infrastructure that have different useful lives</li> <li>• Forecasting the remaining useful lives of those significant parts.</li> </ul>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>

## **Other information**

Other information comprises financial and non-financial information (other than the audited financial report). Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## **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 control 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 expressing an opinion on the effectiveness of the entity's internal controls, but allows me to express an opinion on compliance with prescribed requirements.

- Evaluate the appropriateness of accounting policies 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 2021:

- 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.

21 September 2021



Brendan Worrall  
Auditor-General

Queensland Audit Office  
Brisbane

# Directions

**SOUTH EAST QUEENSLAND WATER (RESTRUCTURING) ACT 2007**

**SECTION 61**

**DIRECTION TO THE BOARD OF THE QUEENSLAND BULK WATER SUPPLY AUTHORITY**

**Definitions and Interpretation**

1. In this Direction, these terms have the following meanings:

<b>Act</b>	<i>South East Queensland Water (Restructuring) Act 2007.</i>
<b>Board</b>	the board of Seqwater.
<b>Department</b>	the Department of Regional Development, Manufacturing and Water.
<b>Director-General</b>	the director-general of the Department and includes any person acting in that office from time to time.
<b>Project</b>	the proposed Toowoomba to Warwick Raw Water Pipeline, which builds on the existing Toowoomba pipeline from Wivenhoe Dam, and includes:  (a) anything else to do with matters in relation to Seqwater that arises because of the Project;  (b) any due diligence, preparatory or investigatory activities in relation to the above matters; and  (c) anything else necessary, incidental, consequential or convenient to facilitate or support the above matters.
<b>Seqwater</b>	the Queensland Bulk Water Supply Authority  (ABN 75 450 239 876).
<b>State</b>	the State of Queensland.

2. A term used in this Direction which is not otherwise defined has the same meaning as that term is given in the Act.
3. Words in the singular include the plural and vice versa, unless the context otherwise requires.

**Direction**

4. In accordance with section 61 of the Act, we, the responsible Ministers of Seqwater, direct the Board of Seqwater to:

- (a) implement the works required to prepare the Project for construction (up to \$8.1 million) by 28 February 2022. This includes:
  - (i) project management mobilisation;
  - (ii) final design;
  - (iii) regulatory, environmental and heritage approvals;
  - (iv) survey and geotechnical activities; and
  - (v) establishing the preferred operating and maintenance model, including forecast operating costs, based on assumptions endorsed by the Department and Queensland Treasury.

A project management plan (to provide details of the activities and timelines) is to be developed in consultation with the Department that aligns with the delivery of the work under this Direction;

- (b) fund up to \$0.6 million (as part of the \$8.1 million identified in clause 4(a)) in professional services required by the Department for the Project (to be managed by invoices between the Department and Seqwater), including legal assistance, communications, procurement and risk management services and undertaking an independent peer review of the pipeline design and cost;
- (c) provide full cooperation and assistance to the State, the responsible Ministers and their respective advisors to implement clause 4(a);
- (d) give effect to any written request of the Director-General, or their delegate, for the purposes of this Direction;

- (e) notify the Director-General of the Board's proposed course of action to implement this Direction; and
- (f) where there is an ambiguity or doubt about the meaning or intent of this Direction, Seqwater and the Board give effect to the interpretation of the Director-General as advised to them in a written clarifying statement.

Dated this 24<sup>th</sup> day of May 2021.

  
**The Honourable Cameron Dick MP**  
Treasurer  
Minister for Investment

  
**The Honourable Glenn Butcher MP**  
Minister for Regional Development and  
Manufacturing and Minister for Water



# 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	Page 1
Accessibility	<ul style="list-style-type: none"> <li>Table of contents</li> <li>Glossary</li> </ul>	ARRs – section 9.1	Page 3 Page 88
	<ul style="list-style-type: none"> <li>Public availability</li> </ul>	ARRs – section 9.2	Page 2
	<ul style="list-style-type: none"> <li>Interpreter service statement</li> </ul>	Queensland Government Language Services Policy ARRs – section 9.3	Page 2
	<ul style="list-style-type: none"> <li>Copyright notice</li> </ul>	Copyright Act 1968 ARRs – section 9.4	Page 2
	<ul style="list-style-type: none"> <li>Information Licensing</li> </ul>	QGEA – Information Licensing ARRs – section 9.5	N/A
General information	<ul style="list-style-type: none"> <li>Introductory information</li> </ul>	ARRs – section 10	Page 4 & 6
Non-financial performance	<ul style="list-style-type: none"> <li>Government's objectives for the community and whole-of-government plans/specific initiatives</li> </ul>	ARRs – section 11.1	Page 4
	<ul style="list-style-type: none"> <li>Agency objectives and performance indicators</li> </ul>	ARRs – section 11.2	Page 18-14
	<ul style="list-style-type: none"> <li>Agency service areas and service standards</li> </ul>	ARRs – section 11.3	Page 4
Financial performance	<ul style="list-style-type: none"> <li>Summary of financial performance</li> </ul>	ARRs – section 12.1	Page 8
Governance – management and structure	<ul style="list-style-type: none"> <li>Organisational structure</li> </ul>	ARRs – section 13.1	Page 15
	<ul style="list-style-type: none"> <li>Executive management</li> </ul>	ARRs – section 13.2	Page 16-19
	<ul style="list-style-type: none"> <li>Government bodies (statutory bodies and other entities)</li> </ul>	ARRs – section 13.3	Page 24
	<ul style="list-style-type: none"> <li>Public Sector Ethics Act 1994</li> </ul>	Public Sector Ethics Act 1994 ARRs – section 13.4	Page 25
	<ul style="list-style-type: none"> <li>Human Rights Act 1994</li> </ul>	ARRs – section 13.5	Page 29
	<ul style="list-style-type: none"> <li>Queensland public service values</li> </ul>	ARRs – section 13.6	N/A

Summary of requirement	Basis for requirement	Annual report reference
Governance – risk management and accountability	• Risk management	ARRs – section 14.1 Page 21
	• Audit committee	ARRs – section 14.2 Page 21
	• Internal audit	ARRs – section 14.3 Page 27
	• External scrutiny	ARRs – section 14.4 Page 29
	• Information systems and recordkeeping	ARRs – section 14.5 Page 29
	• Information security attestation	ARRs – section 14.6 Page 29
Governance – human resources	• Workplace planning and performance	ARRs – section 15.1 Page 28
	• Early retirement, redundancy and retrenchment	Directive No.11/12 Early Retirement, Redundancy and Retrenchment ARRs – section 15.2 N/A
Open data	• Statement advising publication of information	ARRs – section 16 Page 30
	• Consultancies	ARRs – section 33.1 <a href="https://data.qld.gov.au">https://data.qld.gov.au</a>
	• Overseas travel	ARRs – section 33.2 N/A
	• Queensland Language Services Policy	ARRs – section 33.3 N/A
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1 Page 76
	• Independent Auditor’s Report	FAA – section 62 FPMS – section 46 ARRAs – section 17.2 Page 77

# Glossary

AASB	Australian Accounting Standards Board	LTIFR	Lost Time Injury Frequency Rate
ABN	Australian Business Number	M	Million
ACS	Access Community Services	MAR	Maximum allowed revenue
ARRs	Annual Reporting Requirements	ML	Megalitres (Million litres)
APA	Australian Physiotherapy Association	MP	Member of Parliament
ASX	Australian Securities Exchange	MS	Microsoft
BDO	BDO Services Pty Ltd	NPAT	Net Profit After Tax
BWSA	Bulk Water Supply Agreement	NTER	National Tax Equivalent Regime
CEO	Chief Executive Officer	OCI	Organisational Culture Survey
CFO	Chief Financial Officer	PTY LTD	Proprietary Limited
COO	Chief Operating Officer	QAO	Queensland Audit Office
CPI	Cost Price Index	QCA	Queensland Competition Authority
CSO	Community Service Obligation	QLD	Queensland
Dr	Doctor	QTC	Queensland Treasury Corporation
EBIT	Earnings Before Interest and Tax	SBFA Act	Statutory Bodies Financial Arrangements Act
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation	SEQ	South East Queensland
eDRMS	electronic Document and Records Management System	WACC	Weighted Average Cost of Capital
FAA	Financial Accountability Act 2009		
FBT	Fringe Benefit Tax		
FFO	Funds from Operations		
FPMS	Financial and Performance Management Standard 2019		
FTE	Full Time Equivalent		
GC	General Counsel		
GM	General Manager		
GSI	Global Safety Index		
GST	Goods and Services Tax		
Hon.	Honourable		
ICT	Information Communication Technology		
KMP	Key Management Personnel		
KPI	Key Performance Indicator		
LAFHA	Living-away-from-home allowance		
Ltd	Limited		
L/P/D	Litres per person per day		



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