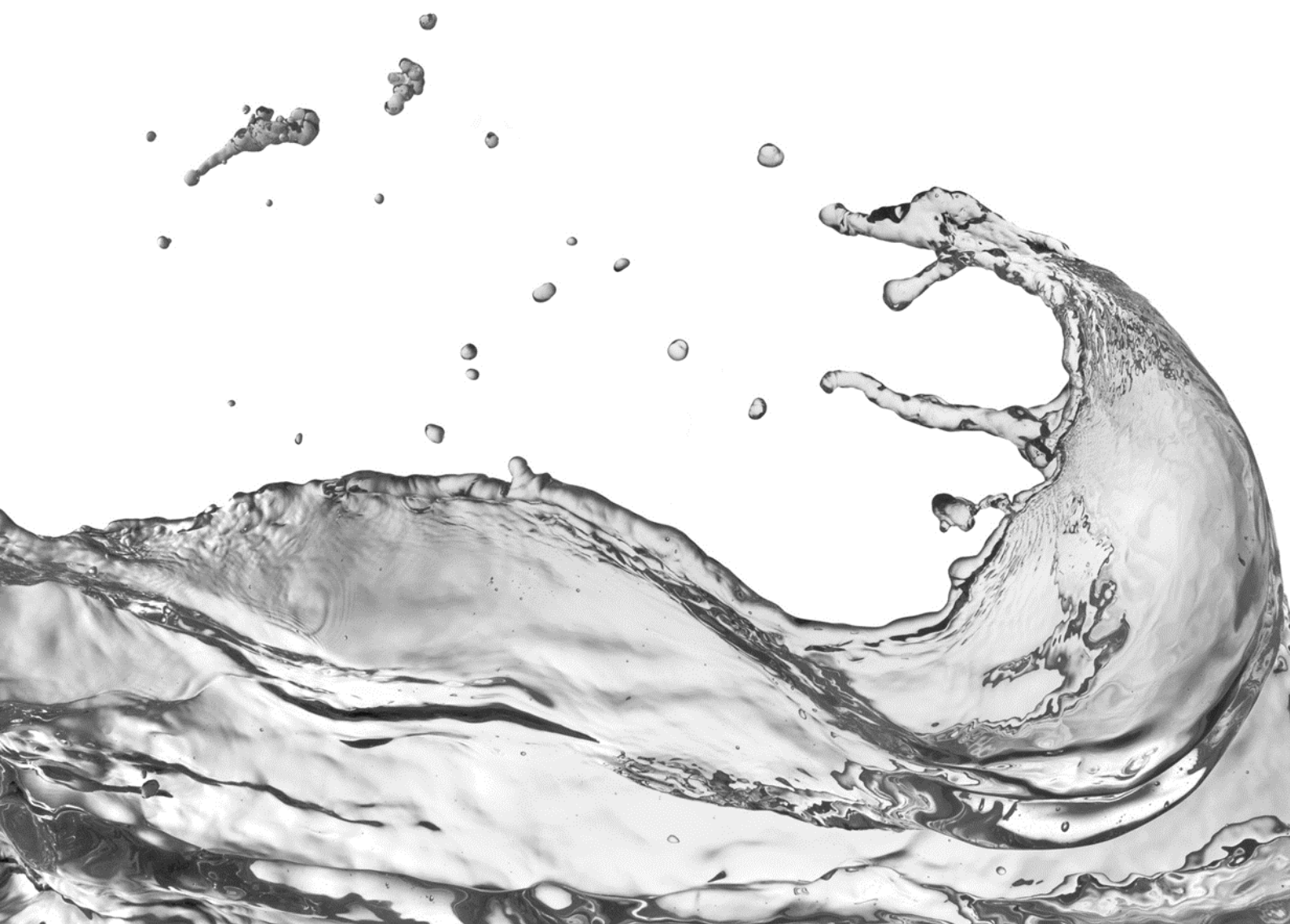


Seqwater Operational Plan 2021-22



Performance agreement

Board statement and agreement of responsible Ministers

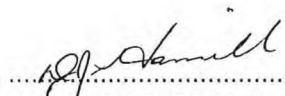
The Seqwater Operational Plan 2021-22 (the Plan) is presented in accordance with Chapter 2, Part 4 of the *South East Queensland Water (Restructuring) Act 2007* (Restructuring Act).

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

The Plan sets out Seqwater's financial and non-financial performance targets for the year, together with its major activities, objectives, undertakings, policies, investments and borrowings. It aligns with Seqwater's *Strategic Plan 2021-25*.

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

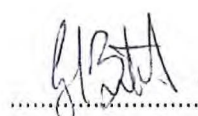
This agreement is signed by the Chairman of the Board on behalf of all members in accordance with a unanimous decision of the Seqwater Board.


.....
Honourable Dr David Hamill AM
Chairman

Date: 31/05/2021


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

Date: 16 September 2021


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

Date: 19/08/2021

Chairman's foreword

Seqwater is pleased to present its Operational Plan 2021-22 to its responsible Ministers.

Seqwater recognises the critical role for water security in Queensland's Economic Recovery Plan for COVID-19, which prioritises "Queensland water resources and infrastructure (as) a key foundation for economic growth and regional development".

Seqwater is conscious that it has a responsibility to make the best use of all of its water assets, including the Gold Coast Desalination Plant and the Western Corridor Recycled Water Scheme. South East Queensland (SEQ) is in a strong water security position following water infrastructure investments during the Millennium Drought, the Gold Coast Desalination Plant and Western Corridor Recycled Water Scheme, when in full operation provide a significant level of additional supply capacity. This means the bulk water supply network is extremely well positioned to support business and population growth and associated investment in SEQ in the short to medium term, as part of the State's COVID-19 recovery.

In pursuit of its strategic objectives, Seqwater has set four strategic priorities to strengthen its foundations by streamlining end-to-end capital planning and delivery, implementing a fit for purpose asset management framework, overcoming longstanding issues in core processes and systems, and building culture, safety and capability.

To ensure that Seqwater continues to be ready and able to supply a growing region against the backdrop of climate uncertainty, Seqwater will continue to advance four areas of strategic importance;

- customer and community insights and engagement,
- financial sustainability, operational efficiency and productivity,
- sustainability,
- certainty of future sources and augmentation.

Seqwater's operational activities will continue to focus on service delivery while responding to drought conditions, participating in the forthcoming bulk water price review and developing the next version of the region's water security program. Seqwater also recognises that climate change is a significant challenge for long-term water security and will progress towards its aspirational target of net zero carbon emissions by 2050 and plan for investment in reducing its carbon footprint from 2022-23.

Honourable Dr David Hamill AM
Chairman

Contents

1. Seqwater's role	4
2. Organisational Context	5
2.1 Strategic landscape	5
2.2 Risks	6
2.3 Key policies	9
3. Key activities.....	10
3.1 Delivering services to South East Queensland	10
3.2 Delivering on strategy	11
4. Business performance.....	14
4.1 Performance measures	14
4.2 Financial statements.....	16
4.3 Notification of capital program	19
Attachment 1 – Employment and industrial relations	23
Employment and industrial relations approach	23
Significant and emerging issues	24
Employment and industrial relations plan	25
Attachment 2 – Sponsorship, advertising, corporate entertainment and donations	33
Attachment 3 – Impact of drought	36

1. Seqwater's role

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, as well as the climate resilient water sources, the Gold Coast Desalination Plant and the Western Corridor Recycled Water Scheme.

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

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

In addition to urban bulk water supply, Seqwater supplies irrigation water to about 1,200 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.

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

2. Organisational Context

2.1 Strategic landscape

2.1.1 Vision

Seqwater's vision is **Water for life**.

Vision Statement

To Seqwater and its employees **Water for life** means:

We are respected as a leading water authority.

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

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

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

2.1.2 Purpose

Water for life is a safe, secure, affordable water supply that underpins the economy and enhances the lives of all South East Queenslanders.

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.

2.1.3 Promise

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

2.1.4 Values

Seqwater's corporate values are:

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

2.2 Risks

Seqwater maintains an enterprise risk management system which aligns with the *AS/NZS ISO 31000: Risk Management Principles and Guidelines*. The system comprises a risk management policy statement, risk appetite statement and enterprise risk management framework. The system outlines a process for identifying, analysing, evaluating, treating and monitoring risks.

Seqwater 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, Seqwater accesses the most up to date, relevant climate change projections applying to operations and operating environments (currently the Queensland Department of Environment and Science's future climate projections). Climate change impacts Seqwater's objectives and priorities in several different ways, such as water security and extreme weather events. Seqwater has assessed the financial and other impacts in alignment with the Queensland Climate Adaptation Strategy: Built Environment and Infrastructure Sector Adaptation Plan, and Seqwater's Climate Change Adaptation Strategy, which have been incorporated into the controls and treatment plans for the enterprise risks.

Table 1 sets out Seqwater's enterprise risks and key mitigation strategies.

Table 1

Risk	Key mitigation strategies
Workplace health and safety	Seqwater's <i>Safe for life</i> promise reflects its commitment to protecting the health, safety and wellbeing of everybody who works for and on its behalf, keeping them free from physical and psychological injury. All officers and workers are health, safety and wellbeing leaders, in addition to compliance with the work health and safety performance requirements set by relevant legislation, the key focus for ongoing improvement will be on leadership and critical risk management, with a responsibility to actively participate in the development and implementation of work practices and procedures.
Major supply asset failure	Asset management planning and a condition monitoring program routinely reviews, identifies and treats risks to the asset base. Supply modelling and contingency planning support Seqwater's ability to mitigate the impacts and implement preventative controls. Seqwater's capital investment decisions address the potential for major supply asset failure using risk informed priorities. Work is underway to integrate processes for long-term augmentation and securing scarce inputs for options such as land and water entitlements into the broader asset management framework and end-to-end capital planning and delivery strategic priorities.
Water supply	To ensure future bulk water supply demands can be met from an operational perspective, Seqwater continues to ensure proper prioritisation and timely delivery of water treatment plant capacity upgrades and SEQ Water Grid augmentation projects. To support this, Seqwater has committed to improvement initiatives to strengthen its end-to-end capital planning and delivery capability.
Financial sustainability	Effective Board policy and business governance frameworks are in place to promote prudent operational, investment and capital structure decisions, enabling Seqwater to strengthen financial sustainability and manage financial risk in changing operating conditions. The policies surrounding bulk water prices, and the prices and revenues that result from regulatory pricing reviews, are critical to Seqwater's financial sustainability.

Risk	Key mitigation strategies
Water security	SEQ's Water Security Program version 2 is Seqwater's plan for providing SEQ safe and reliable drinking water supply to 2046. In preparing the Water Security Program, Seqwater comprehensively examines system operations, demand and supply – the three levers critical for securing SEQ's water supply. The program also sets out the strategy to manage drought, including how and when to use climate-resilient water infrastructure such as the Western Corridor Recycled Water Scheme and the Gold Coast Desalination Plant that are more expensive to operate than traditional water treatment plants. One key outcome of the next Water Security Program version 3 (2022) will be to progress planning for specific source augmentations needed to adequately maintain service to support the future demand growth across the region. The next Water Security Program will also consider the impacts of climate change in the base case system performance assessments and this will provide a much better insight into the future risks posed for water security.
Stakeholder relations	As stakeholder, customer and community expectations evolve and change, Seqwater continues to strive for improved levels of satisfaction and support by developing engagement strategies informed by social research and customer insights. Seqwater has a Stakeholder Relations Framework which guides how it engages with purpose with stakeholders, customers and communities, underpinned by the corporate values. Targeted plans are then developed with specific stakeholder groups to contribute to achieving the strategic objective to increase stakeholder, customer and community satisfaction and support and in doing so securing, maintaining and growing trust in and advocacy for Seqwater. These plans are actively implemented and monitored throughout the year. The longer-term work involves bedding down a better commercial and service relationship and building a customer-centric culture.
Supply obligations	Seqwater maintains a compliance framework that provides regular oversight of its legislative and regulatory obligations and identifies risk areas where water supply service obligations may not be within Seqwater's direct control. Seqwater is working to clarify the commercial relationships with its retailer customers, through the development of bulk water service standards considering regulation and current and future contractual arrangements and requirements, with the aim to improve the delivery of services.
Environment	Seqwater is committed to continually improve its environmental management practice and ensuring environmental compliance through the Environmental Management System certified to ISO 140001. The Environmental Management System addresses various aspects of environmental management and provides practical tools for the organisation to identify and control environmental impacts and continually improve its environmental performance.
Technology security	As information and operational technologies become intrinsic to Seqwater's operations, cyber security is an ongoing collaboration between Seqwater's people, process and technology that seeks to manage cyber risks to acceptable levels while meeting legal and regulatory obligations. Seqwater's Cyber Security Strategy aims to standardise cyber practices and improve cyber maturity through integration of leading practices into business operations, actively govern cyber security performance through top-down risk ownership and leadership and increase organisational cyber security awareness.
Public safety	Seqwater owes a duty to take reasonable care to avoid foreseeable risks of harm to a person entering its land, whether as invitee, licensee or trespasser. Seqwater continues to ensure scheduled maintenance for its recreation sites is carried out in a timely manner and in accordance with risk-based assessments and actively works with enforcement agencies in relation to water-based activities and illegal access. Seqwater's <i>Play it safe</i> public education campaign encourages visitors to plan ahead and practice safe behaviours at its recreation sites.

Risk	Key mitigation strategies
Emergency management	Seqwater employs a comprehensive approach to emergency management encompassing the management of risk originating from all-hazards, through a continuous cycle of prevention, preparedness, response and recovery. Along-side flood manuals, site-based emergency action plans and short-term disruption plans, Seqwater maintains an Emergency Response Plan in accordance with the requirements of the <i>Bulk Water Supply Code</i> . Risks and lessons identified during whole-of-system desktop exercises, live-simulations and actual disruption events are used to inform the development of plans and procedures and to increase organisational resilience.
Attraction and retention	Seqwater's talent management approach includes succession planning and its Next Generation program, aiming to increase the efficiency levels within Seqwater's talent pool and to increase the attraction and retention of talented employees. Organisational culture surveys are conducted to identify current culture and the preferred culture to work towards as well as identify opportunities for improvement. In line with contemporary practice, Seqwater will transition over time to tools that provide greater opportunity for real time sentiment.
Water quality	Seqwater continues to implement and maintain its Drinking Water Quality Management Plan and Recycled Water Management Plan, consistent with the <i>Australian Drinking and Recycled Water Guidelines</i> framework, relevant legislation, and the <i>Standard for Food Safety Management Systems</i> . Seqwater commits to ensuring that the system operates on the concept of multiple barriers, through a number of programs designed to act in concert to protect water quality, including training, system audits and engineered barriers in addition to water treatment processes. The barriers extend to water source protection and catchment health, which plays an active role.
Major dam failure	To ensure dams are structurally safe, and can operate safely during extreme weather events, Seqwater follows a comprehensive dam safety management program which comprises a number of elements including scheduled engineering inspections, ongoing dam monitoring and surveillance, emergency preparedness, dam operator training, and the dam improvement program. The elements are consistent with State legislative requirements and National guidelines set by the Australian National Committee on Large Dams (ANCOLD).
Fraud and corruption	Seqwater has a well-established fraud and corruption control framework to prevent, detect and respond to fraudulent or corrupt activity. The framework comprises several artefacts and programs such as the Fraud and Corruption Control Policy and procedures, Fraud and Corruption Risk Register, data analytics and fraud awareness training. As part of the maturation of the framework, an annual fraud and corruption control assurance program is developed to assess the adequacy and effectiveness of key fraud controls and to provide a pathway to continuously improve and strengthen Seqwater's approach to fraud and corruption risk management.

2.3 Key policies

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

2.3.1 Governance and prudent financial information

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

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

2.3.2 Capital structure strategy and borrowings

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

No new debt or borrowings are anticipated in 2021-22 based on fair weather.

2.3.3 Treasury policy

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

2.3.4 Bulk water pricing

Seqwater will apply bulk water prices in 2021-22 as set by the Minister for Water in accordance with the *Water Act 2000*.

2.3.5 Recreation policy

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

2.3.6 Human rights

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

In 2021-22 Seqwater will continue to progress against its compliance project plan by progressing towards a Board approved policy statement to establish the culture tone and expectation required by all employees to comply with the *Human Rights Act 2019*. This will be followed by the development and roll out of awareness training for all employees. The awareness training will familiarise employees with the *Human Rights Act 2019*, and the expectations to act and make decisions in a way that is compatible with human rights and to give proper consideration to any human rights relevant to

the decision being made. Together, these two initiatives will assist in embedding a human rights culture at Seqwater and promote a dialogue about the nature, meaning, and scope of human rights.

3. Key activities

3.1 Delivering services to South East Queensland

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






- a safe, reliable and affordable bulk drinking water supply in SEQ
- water for irrigation and electricity generation
- public access to water and land-based recreation in and around its lakes
- long-term water security planning.

3.2 Delivering on strategy

3.2.1 Opportunities

Seqwater has set out five strategic objectives in its Strategic Plan 2021-25 in pursuit of its Water for life vision. Table 2 outlines opportunities for Seqwater to achieve its five strategic objectives.





Table 2

 Improve safety and organisational culture	 Improve processes, systems and planning	 Strengthen financial sustainability	 Increase water supply certainty	 Increase stakeholder, customer and community satisfaction and support
A high-performance culture with a focus on enabling improved outcomes for people's safety, health and wellbeing.	Leading practice process and systems and asset life cycle management, driving improved decision-making, optimised performance and operational efficiency.	Financial flexibility to respond to and manage emerging risks and capital planning delivery aligned with leading practice.	Cost-effective and sustainable water supply with industry-leading asset availability and reliability.	Stakeholder and community trust maintained through sustainability measures and a consistently applied customer centric approach.
<ul style="list-style-type: none"> continue to develop leaders to drive cultural improvement embed benefits identified from COVID-19 response. 	<ul style="list-style-type: none"> target uplift of critical systems embed systemic structural efficiencies. 	<ul style="list-style-type: none"> optimise Seqwater's investment portfolio re-set bulk water prices and cost recovery framework from 2022-23. 	<ul style="list-style-type: none"> optimise use of existing capacity adapt to the changing climate identify and acquire strategically located land packages for future supply sources. 	<ul style="list-style-type: none"> refresh service standards and customer expectations improve services through customer and community insights.

3.2.2 Strengthening the foundations

To ensure that Seqwater continues to deliver on the strategic objectives into the future, Seqwater is strengthening the foundations of the business by concentrating on four priority areas of improvement over the next two years. Table 3 sets out Seqwater's undertaking for 2021-22 to deliver on those priorities.

Table 3

 <p>PRIORITY End to end capital planning and delivery</p>	 <p>PRIORITY Asset management framework</p>	 <p>PRIORITY Core processes and systems</p>	 <p>PRIORITY Culture, safety and capabilities</p>
<p>Enhance end-to-end capital planning and delivery and reporting.</p>	<p>Optimise capital and maintenance decisions through delivering the Asset Management Improvement Program and establish a customer centric approach.</p>	<p>Improve enterprise information management, align and deliver core architecture and technology improvements and deliver strategic system improvements in key areas.</p>	<p>Improve safety and human resource processes, systems and governance.</p>
<p>Enhancements to Seqwater's end-to-end capital delivery will:</p> <ul style="list-style-type: none"> • deliver the capital program • improve financial and performance tracking of capital planning and delivery • implement integrated master scheduling of projects. 	<p>Seqwater's Asset Management Improvement program will:</p> <ul style="list-style-type: none"> • develop a revised asset management system aligned to ISO55001 • develop a revised strategic asset management plan • optimise capital and maintenance expenditure including delivery of a maintenance improvement strategy. 	<p>Through implementation of its Digital Vision; Seqwater's roadmap for its digital future, Seqwater will:</p> <ul style="list-style-type: none"> • deliver improvements to enterprise information systems and their integrity • implement process management and process governance • upgrade TechnologyOne Enterprise Resource Planning technologies • ongoing monitoring and enhancement of cyber security. 	<p>Seqwater's People, Culture and Safety strategy will:</p> <ul style="list-style-type: none"> • deliver initiatives that drive improved outcomes in health, safety and wellbeing • develop a leadership strategy and implement supporting programs • implement a diversity and inclusion strategy.





In addition to this Seqwater will:

- participate in the Queensland Government's review of SEQ bulk water prices
- deliver strengthened employment and remuneration governance and practices to ensure workforce compliance.

3.2.3 Preparing for a sustainable future

Beyond strengthening the foundations, Seqwater has also determined four strategic focus areas that it will continue to advance through incremental improvements over the year. Table 4 establishes how Seqwater will advance its strategic focus areas.

Table 4

 Customer and community insight and engagement	 Financial sustainability, operational efficiency and productivity	 Sustainability	 Certainty of future sources and augmentation
<p>Embed a focus on customers and community at every level of the business, balancing their needs and aspirations against commercially prudent outcomes and risk management.</p>	<p>Improve Seqwater's financial ability to respond to conditions and manage emerging business risks.</p>	<p>Prioritise organisational sustainability and the sustainability of the community and environment reflecting the social economic and environmental impacts.</p>	<p>Secure options for long-term augmentation and building viable pathways to development.</p>
<ul style="list-style-type: none"> • continue to improve stakeholder trust • build customer centricity into business processes and culture. 	<ul style="list-style-type: none"> • improve fiscal governance • strengthen capital program delivery • pursue pricing reform. 	<ul style="list-style-type: none"> • progress towards an aspirational target of net zero carbon emissions by 2050 • plan for investment in reducing its carbon footprint from 2022-23. 	<ul style="list-style-type: none"> • consult widely on augmentation options • embed purified recycled water as a SEQ water source • update the water security program.

Seqwater will provide quarterly updates on its progress against its undertakings and update its responsible Ministers on key matters and advancements relating to the strategic focus areas through quarterly performance reporting where appropriate.

4. Business performance

4.1 Performance measures

4.1.1 Financial performance measures

Table 5

	2021-22 forecast				
	Q1	Q2	Q3	Q4	Full year
Operating revenue \$000	289,491	310,452	268,217	268,242	1,136,402
Operating expenditure \$000	81,576	84,592	76,441	82,091	324,700
EBITDA \$000	207,915	225,860	191,776	186,151	811,702
EBIT \$000	139,394	157,341	124,741	118,179	539,655
NPAT \$000	19,326	31,888	9,068	4,475	64,757
EBITDA margin	71.8%	72.8%	71.5%	69.4%	71.4%
Total assets \$000	11,707,150	11,682,791	11,628,059	11,575,529	11,575,529
Capital expenditure \$000	47,285	44,321	41,380	57,659	190,645
Gearing ratio (debt to [debt + equity ratio])	0.84	0.83	0.83	0.83	0.83
FFO Interest coverage	1.25	1.41	1.12	1.06	1.21
Capital replenishment ratio	0.69	0.65	0.62	0.85	0.70
Operating expenditure ratio	28.2%	27.2%	28.5%	30.6%	28.6%

4.1.2 Non-financial performance measures

Table 6

	2021-22 targets				
	Q1	Q2	Q3	Q4	Full year
Forecast water production (ML) ¹	82,442	86,656	84,367	82,303	335,768
Lost time injury frequency rate (LTIFR) ²	<3.5	<3.5	<3.5	<3.5	<3.5
Statutory notifications for environmental harm	0	0	0	0	0
Zones compliant with Australian Drinking Water Guidelines	100%	100%	100%	100%	100%
Dam safety inspection program – legislative compliance	100%	100%	100%	100%	100%

¹ These figures represent the retailer customers demand only.

² Seqwater's target for injuries of any type is always zero with an upper maximum LTIFR of ≤3.5 for 2021-22.

4.1.3 Assumptions

Seqwater's budget forecast is based on the assumptions in Table 7.

Table 7

Economic indices	
CPI	Outer year projections include escalations based on recommendations in the Queensland Competition (QCA) Final Report (March 2018).
Wage growth	Outer year projections include escalations based on recommendations in the QCA Final Report (March 2018).
Long term interest rates	As per Queensland Treasury Corporation (QTC) projected interest rates as at December 2020.
Revenue	
Water sales	Distribution / retail revenue is calculated using the recommended prices in the QCA Final Report (March 2018) for 2018-21 and escalated at 2.5% for later years.
Demand	Consistent with Seqwater's Annual Operating Strategy for 2021-22. The following have been considered for the 2021-22 Budget Demand profile: <ul style="list-style-type: none"> • latest Queensland Government Statistician's Office population projections • short-term consumption influence such as rebound, and short-term weather trends • residential and non-residential consumption split • average daily per capita residential consumption • non-residential sector consumption and account and corresponding historical growth trends • SEQ retailer customer local development planning targets.
Operating expenses	
Seqwater	Developed using a top-down baseline budgeting methodology aligning to the QCA Final Report (March 2018) and Board approved step-change expenditure.
Capital	
Phasing	Seqwater actively manages phasing to ensure it accurately reflects forecasted cash outflows required for capital-based activities such as construction.
Changes in forecasts	Changes are reviewed and updated on a monthly basis to align with expected cash outflows of capital projects and reported internally to project directors, Seqwater Capital Portfolio Governance Group and the Executive Fiscal Review Committee.
Project gateways	A formal gateway approval structure is used throughout Seqwater for both infrastructure and non-infrastructure capital projects. These structures are overseen by program management offices that employ PMBOK (infrastructure) and Prince2 structure and methodologies (ICT projects).

The 2021-22 budget is prepared based on fair weather conditions and does not include any contingency for weather events such as cyclones and floods. Where the costs associated to drought are known at the time of budget submission, then these have been included (see Attachment 3). Under the terms of the Queensland Competition Authority review set by the Treasurer, Seqwater will seek to recover costs through a review event in the next price review, using the existing review event mechanisms from the 2018 Queensland Competition Authority bulk water pricing review. Claims for these events are generally ex-post based on actual, provable, prudent and efficient incremental expenditures.

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

4.2 Financial statements

4.2.1 Statement of comprehensive income³

Table 8

	2021-22 budget				
	Q1	Q2	Q3	Q4	Full year
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Operating revenue					
Water services	283,410	304,431	262,212	262,318	1,112,371
Interest income	883	824	807	724	3,238
Other revenue	5,198	5,197	5,198	5,200	20,793
Total operating revenue	289,491	310,452	268,217	268,242	1,136,402
Operating expenses					
Employee expenses	26,697	31,147	26,697	31,148	115,689
Supplies and services	54,879	53,445	49,744	50,943	209,011
Total operating expenses⁴	81,576	84,592	76,441	82,091	324,700
EBITDA	207,915	225,860	191,776	186,151	811,702
Depreciation and amortization	68,521	68,519	67,035	67,972	272,047
Other asset revaluations, losses and write downs	0	0	0	0	0
EBIT	139,394	157,341	124,741	118,179	539,655
Finance/borrowing costs	111,786	111,786	111,786	111,786	447,144
Profit (loss) before income tax	27,608	45,555	12,955	6,393	92,511
Taxation (expense) benefit	(8,282)	(13,667)	(3,887)	(1,918)	(27,754)
Net profit (loss) after income tax	19,326	31,888	9,068	4,475	64,757

³ Rounding has been used in these calculations.

⁴ The 2021-22 budget includes known drought costs of \$23m for the period to 31 October 2021, at which time this assumption will be reviewed as part of the Q1 forecast review.

4.2.2 Statement of financial position⁵

Table 9

	2021-22 budget				
	Q1	Q2	Q3	Q4	Full year
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Current assets					
Cash and cash equivalents	396,822	384,762	395,323	342,000	342,000
Trade and other receivables	195,553	207,598	168,108	178,772	178,772
Inventories	9,374	9,374	9,374	9,374	9,374
Other current assets	5,803	5,803	5,803	5,803	5,803
Total current assets	607,552	607,537	578,608	535,949	535,949
Non-current assets					
Property, plant and equipment	10,939,464	10,914,449	10,887,960	10,878,797	10,878,797
Other non-current assets	160,134	160,805	161,491	160,783	160,783
Total non-current assets	11,099,598	11,075,254	11,049,451	11,039,580	11,039,580
TOTAL ASSETS	11,707,150	11,682,791	11,628,059	11,575,529	11,575,529
Current liabilities					
Trade and other payables	25,549	24,343	25,365	36,248	36,248
Employee benefits	25,009	25,009	25,009	25,009	25,009
Interest payable	37,239	37,239	37,239	36,629	36,629
Other current liabilities	11,934	9,089	6,243	14,729	14,729
Total current liabilities	99,731	95,680	93,856	112,615	112,615
Non-current liabilities					
Employee benefits	3,600	3,600	3,600	3,600	3,600
Interest bearing liabilities	9,318,721	9,252,858	9,186,995	9,121,132	9,121,132
Deferred tax liabilities	208,618	222,284	226,171	228,088	228,088
Other non-current liabilities	275,941	275,941	275,941	264,123	264,123
Total non-current liabilities	9,806,880	9,754,683	9,692,707	9,616,943	9,616,943
TOTAL LIABILITIES	9,906,611	9,850,363	9,786,563	9,729,558	9,729,558
NET ASSETS	1,800,539	1,832,428	1,841,496	1,845,971	1,845,971
Equity					
Contributed equity	(715,888)	(715,888)	(715,888)	(715,888)	(715,888)
Asset revaluation reserve	2,755,888	2,755,888	2,755,888	2,755,888	2,755,888
Accumulated profit (loss)	(239,461)	(207,572)	(198,504)	(194,029)	(194,029)
TOTAL EQUITY (DEFICIENCY)	1,800,539	1,832,428	1,841,496	1,845,971	1,845,971

⁵ Rounding has been used in these calculations.

4.2.3 Statement of cash flows⁶

Table 10

	2021-22 budget				
	Q1	Q2	Q3	Q4	Full year
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Cash flow from operating activities					
<i>Inflows</i>					
Receipts from water services	249,338	294,688	304,051	258,397	1,106,474
Receipts from leases, rentals and other	1,551	1,551	1,551	1,558	6,211
Interest received	883	824	807	724	3,238
<i>Outflows</i>					
Payments to suppliers and employees	(83,705)	(87,044)	(76,711)	(78,584)	(326,044)
Interest paid	(112,920)	(111,716)	(111,716)	(111,716)	(448,068)
Net operating cash flows	55,147	98,303	117,982	70,379	341,811
Cash flow from investing activities					
<i>Inflows</i>					
Proceeds from sale plant and equipment	0	0	0	0	0
<i>Outflows</i>					
Payments for acquisition of property, plant and equipment	(47,285)	(44,321)	(41,380)	(57,659)	(190,645)
Net investing cash flows	(47,285)	(44,321)	(41,380)	(57,659)	(190,645)
Cash flow from financing activities					
<i>Inflows</i>					
QTC borrowings/capitalised interest	0	0	0	0	0
<i>Outflows</i>					
Lease payment	(178)	(179)	(178)	(180)	(715)
QTC borrowings – redemption	(65,862)	(65,863)	(65,863)	(65,863)	(263,451)
Net financing cash flows	(66,040)	(66,042)	(66,041)	(66,043)	(264,166)
Net increase (decrease) in cash held	(58,178)	(12,060)	10,561	(53,323)	(113,000)
Cash and cash equivalents at the beginning of the financial period	455,000	396,822	384,762	395,323	455,000
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	396,822	384,762	395,323	342,000	342,000

⁶ Rounding has been used in these calculations.

4.3 Notification of capital program

Seqwater's 2021-22 capital program is budgeted at \$190.6 million. The planned program for 2021-22 includes significant capital expenditure for the continuation of dam improvement projects, upgrades at several water treatment plants and expansion of the SEQ Water Grid.

Capital asset expenditure⁷

Table 11

	2021-22 budget				
	Q1	Q2	Q3	Q4	Full year
Asset group	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Infrastructure capital					
Natural	327	568	618	1,011	2,524
Water storage	2,087	1,783	1,445	5,944	11,259
Water treatment	9,180	6,701	4,654	8,676	29,211
Water transport	20,280	24,392	25,113	33,342	103,127
Manufactured water ⁸	9,363	4,986	4,822	2,606	21,777
Irrigation	375	375	0	0	750
Recreation	0	0	0	513	513
Other infrastructure	2,540	2,220	1,854	2,555	9,169
Total infrastructure capital	44,152	41,025	38,506	54,647	178,330
Non-infrastructure capital					
Information communication and technology	2,608	2,466	1,849	1,514	8,437
Land compensation	40	40	285	285	650
Laboratory data systems	85	240	390	285	1,000
Fleet	400	550	350	400	1,700
Building	0	0	0	528	528
Total non-infrastructure capital	3,133	3,296	2,874	3,012	12,315
TOTAL CAPITAL EXPENDITURE	47,285	44,321	41,380	57,659	190,645

⁷ Rounding has been used in these calculations.

⁸ Manufactured water assets include the Gold Coast Desalination Plant and Western Corridor Recycled Water Scheme.

Key projects

Key projects for 2021-22 are listed in Table 12.

Table 12

Project	Details	Project expected completion	2021-22 budget (\$000)	Total project cost (\$000) ⁹	Project status ¹⁰	Investment approval level	Investment approval status
Projects over \$10 million							
Lake Macdonald Dam safety upgrade	Upgrade to comply with dam safety regulations	TBD ¹¹	\$2,000	TBD ¹¹	Options analysis	Responsible Minister	Approval requirements will be re-confirmed once the outcomes of the options assessment are known
South West Pipeline ¹²	Pipeline to connect Beaudesert to the SEQ Water Grid to secure long-term water supply.	2022-23	\$75,300	\$95,200	Readiness for service	Responsible Minister	Ministerial approval received
Ewen Maddock Dam safety upgrade stage 2A	Upgrade to comply with dam safety regulations	2021-22	\$100	\$24,500 ¹³	Readiness for service	Board	Board approved
Mt Crosby East Bank Water Treatment Plant filtration upgrade	Refurbish the 20 Mt Crosby East Bank Water Treatment Plant filters to maintain and improve capability and reliability of SEQ Water Grid	2022-23	\$12,500	\$37,777 ¹⁴	Readiness for service	Board	Board approved
Mt Crosby Weir Bridge structure upgrade ¹⁵	A new vehicle bridge is being constructed to improve flood resilient access between East Bank and West Bank water treatment plants and upgrade safety to current standards	2022-23	\$632	\$22,600	Detailed business case	Board	Board approved

⁹ Total project cost is from the Board approved business case unless otherwise stated.

¹⁰ Project status is in accordance with Queensland Treasury Project Assessment Framework.

¹¹ During the detailed design and tender process, information emerged that the cost of the project would be significantly higher than the Minister-approved budget. As a result, in December 2020 the Seqwater Board made the prudent decision to reconsider the options for the project. Project timing and costs will be reconsidered as part of this options analysis.

¹² Formerly reported as Beaudesert Water Supply Zone upgrade (South West Pipeline).

¹³ This is the approved business case value. Seqwater has provided advice that the Ewen Maddock Dam safety upgrade stage 2A project will come under the approved business case value by approximately \$7m (30%), as the works are currently three months ahead of schedule.

¹⁴ Board approved 26 March 2021.

¹⁵ This project will not commence procurement until a Heads of Agreement is reached with Brisbane City Council regarding ownership of the bridge post construction.

Operational Plan 2021-22

Project	Details	Project expected completion	2021-22 budget (\$000)	Total project cost (\$000) ⁹	Project status ¹⁰	Investment approval level	Investment approval status
Gold Coast Desalination Plant - reverse osmosis membranes replacement	Replace and refurbish membrane filters at the Gold Coast Desalination Plant	2021-22	\$8,890	\$16,086	Readiness for service	Board	Board approved
Somerset Dam upgrade	Upgrade to comply with dam safety regulations	2029-30	\$2,280	\$325,660 ¹⁶	Detailed business case	Responsible Minister	Board approved preliminary business case. Detailed business case in development
Mount Crosby East Bank substation and enabling works	Upgrade of substation to 11kV and associated enabling works to increase flood resilience	2025-26	\$15,800	\$35,600	Investment decision	Board	Board approved
Installation Centrifuge at Mt Crosby West Bank Water Treatment Plant	Additional sludge processing capability	2026-27	\$300	\$13,940	Investment decision	Board	Board approved
Western Corridor Recycled Water Scheme – remobilisation for industrial customers ¹⁷	Remobilisation of additional production capacity at the Luggage Point Advanced Water Treatment Plant (part of the Western Corridor Recycled Water Scheme) to supply industrial users.	2021-22	\$9,837	\$9,837	Investment decision	Board	Board approved

Notes:

1. Notification of capital projects between \$10 million and \$40 million will be reported to the responsible Ministers through quarterly performance reports following Board approval of a detailed business case.
2. Projects over \$10 million will be included in the Operational Plan and reported on through quarterly performance reports following Board approval of a detailed business case or following commencement of engagement with Department of State Development, Infrastructure, Local Government and Planning (DSDILGP), whichever occurs first.
3. Correspondence will be sent to the responsible Ministers seeking approval for capital projects of \$40 million or greater.

¹⁶ Total project cost is as per Board approved preliminary business case. This is subject to change through the development of the detailed business case.

¹⁷ This project is included because it is nearing the \$10m threshold to report to the responsible Ministers. The project cost is capital expenditure only and excludes operational expenditure associated with the project.

4. Seqwater will advise of projects nearing the \$10 million and \$40 million thresholds through quarterly performance reports.
5. Seqwater will also comply with relevant DSDILGP requirements.
6. Western Corridor Recycled Water Scheme may be further remobilised in accordance with Seqwater's Drought Response Plan if the relevant drought trigger is reached prior to or during 2021-22. Should the drought trigger be reached, Seqwater will write to the responsible Ministers requesting investment approval and provide updates through quarterly performance reports.

Attachment 1 – Employment and industrial relations

Employment and industrial relations approach

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

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

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

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

Employment and industrial relations goals for 2021-22 are to improve human resource processes, systems and governance through:

- implementation of processes to support the correct application of the Seqwater Enterprise Agreement 2019-2023 (the Agreement)
- improvements to industrial relations capability across leaders and employees to ensure correct application of the Agreement
- strengthened industrial relations and employment governance through a contemporary review and update of human resources systems, policies and processes
- development of an industrial relations strategy that enables an effective, efficient and proactive industrial relations framework to empower operational flexibility and sustainability, a constructive workplace culture, and supporting a safe, engaged and highly skilled workforce
- optimised productivity through targeted leadership initiatives focused on improving performance and effective employee management.

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

Significant and emerging issues

The People, Culture and Safety strategy has identified three key themes in emerging issues for management of the workforce, detailed in Table 13.

Table 13

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

Key issues for Seqwater and its workforce in 2021-22 include:

- improving safety and organisational culture through targeted improvements in leadership capability
- improving processes, systems and planning ensuring appropriate employment governance is put in place
- delivering a contemporary talent management strategy that identifies and manages talent risks and opportunities, providing a platform for a sustainable workforce
- embracing the diversity of its people and fostering an inclusive culture in which people are empowered to be innovative and challenge the status quo
- providing safe workplaces where employees are treated with dignity and respect and where discrimination, harassment and bullying is not tolerated.

Employment and industrial relations plan

Employment conditions

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

Seqwater engages employees under four employment arrangements:

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

The Agreement is a standalone agreement and its scope of coverage application relates to all employees excluding senior managers. Senior managers, are engaged through common law contracts that are underpinned by the *Water Industry Award 2020*.

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

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

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

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

The Agreement also now covers and applies to all apprentices and trainees.

Enterprise bargaining and productivity initiatives

Enterprise bargaining

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

Productivity initiatives

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

Management relationship with unions

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

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

Consultation

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

Workforce direction

Table 14 details FTEs employed on 28 February 2021 and does not include vacant positions, table 16 represents the budgeted positions for 2021-22 and includes vacant or planned roles, versus the 'point in time' actual reference. The two tables are not comparable.

Table 14

Full time equivalent actuals	
2020-21 ¹⁸	
Employment category	
Directly employed workforce¹⁹	
Permanent ²⁰	614.7
Temporary ²¹	180.4
CEO and Senior Executive contract ²²	8.0
Apprentices – in house ²³	6.0
Trainees – in house ²³	18.0
Casual	0
Other	0
Total directly employed workforce	827.1
Indirectly employed workforce	
Apprentices – group ²³	0
Trainees – group ²³	0
Contractor and labour hire – trade/technical	3.8
Contractor and labour hire – professional/ administrative/ technical	7.0
Other	0
Total indirectly employed workforce	10.8
TOTAL WORKFORCE²⁴	837.9

¹⁸ Figures are FTEs employed on 28 February 2021 and do not include vacant positions.

¹⁹ Direct workforce includes employees on the Seqwater's payroll, including permanent, temporary, casual employees and apprentices and trainees directly paid by Seqwater (in house).

²⁰ Permanent includes full-time and part-time.

²¹ Temporary includes fixed term / maximum term contract (but not casual employees).

²² Relates to the Chief Executive Officer and direct reports only.

²³ 'In house' apprentices and trainees are those employed directly by Seqwater for the term of the training contract (and would be covered under the Enterprise Agreement). 'Group' apprentices and trainees are those who fall outside of this classification.

²⁴ The above table represents the total workforce which are costed to both capital and operating expenditure.

Table 15

Category	Full time equivalent 2020-21 ²⁵	
	Number	Percentage
(a) All employees ²⁶	827.1	100%
(b) CEO and direct reports	8.0	0.97%
(c) Employees covered by an award, enterprise agreement, agreement made under the <i>Fair Work Act 2009</i>	675.5	81.67%
(d) Employees under other arrangements (including common law contracts) ²⁷	143.6	17.36%
Total: (a) = (b) + (c) + (d)	827.1	100%

Table 16

Table 10

Full time equivalent positions budgeted ²⁸	
2021-22	
Employment category	
Directly employed workforce ²⁹	
Permanent ³⁰	650.3
Temporary ³¹	177.0
CEO and Senior Executive contract ³²	8.0
Apprentices – in house ³³	10.0
Trainees – in house ³³	23.0
Casual	0
Other	10.0
Total directly employed workforce	878.3
Indirectly employed workforce	
Apprentices – group ³³	0
Trainees – group ³³	0
Contractor and labour hire – trade/technical	1.0
Contractor and labour hire – professional/ administrative/ technical	4.0
Other	0
Total indirectly employed workforce	5.0
TOTAL WORKFORCE³⁴	883.3

²⁵ As at 28 February 2021.

²⁶ These figures are for direct workforce.

²⁷ Employees in this category are underpinned and covered by either the Seqwater Enterprise Agreement 2016-2019 or the Seqwater Enterprise Agreement 2019-2023.

²⁸ Figures represent budgeted positions for 2021-22.

²⁹ Direct workforce includes employees on the Seqwater's payroll, including permanent, temporary, casual employees and apprentices and trainees directly paid by Seqwater (in house).

³⁰ Permanent includes full-time and part-time.

³¹ Temporary includes fixed term / maximum term contract (but not casual employees).

³² Relates to the Chief Executive Officer and direct reports only.

³³ 'In house' apprentices and trainees are those employed directly by Seqwater for the term of the training contract (and would be covered under the Enterprise Agreement). 'Group' apprentices and trainees are those who fall outside of this classification.

³⁴ The above table represents the total workforce which are costed to both capital and operating expenditure.

Employee flexibility

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

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

Equal employment opportunity and anti-discrimination

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

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

Superannuation

Seqwater employees can choose their own superannuation fund or join QSuper as the default fund. Seqwater will contribute the Superannuation Guarantee Contribution currently set at 9.5% to all employee nominated superannuation funds. This contribution will remain aligned with the federal Superannuation Guarantee legislation.

Enterprise Agreement employees who join QSuper are entitled to benefits calculated in accordance with the governing rules of QSuper. In addition to employer contributions, employees may choose to contribute the minimum Superannuation Guarantee Contribution or to contribute to their superannuation. Employees can vary their superannuation contribution rate between 0% and 5%. The employer contribution rate is dependent on the rate of contribution the employee makes, as outlined in Table 17.

Table 17

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

The majority of employees who are members of QSuper have accumulation accounts. At 1 January 2021, 26 employees had defined benefit accounts. Defined benefits funds are not available to new employees. However, QSuper defined benefit members who join Seqwater are able to continue as defined benefit members.

Job security and redundancy provisions

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

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

Board member and Executive remuneration arrangements

Board members

Table 18

Board members	Board fees ³⁵ (\$)	Committee fees (\$)	Superannuation ³⁶ (\$)	Total (\$)
Dr David Hamill AM, Chairman	100,000.00	13,500.00	10,782.50	124,282.50
Marita Corbett	45,000.00	12,500.00	5,462.50	62,962.50
John McEvoy	45,000.00	12,500.00	5,462.50	62,962.50
Penny Tovey	45,000.00	12,500.00	5,462.50	62,962.50
Gail Ker	45,000.00	9,000.00	5,130.00	59,130.00
Catherine Mickel	45,000.00	9,000.00	5,130.00	59,130.00

³⁵ Board and Committee fees are as at 1 January 2021. No allowance for future increases has been taken into account as not known at this point in time.

³⁶ Employer superannuation payments do not include salary sacrificed amounts; these are recorded in Board fee.

Chief Executive Officer and senior executives

Table 19

Executive (As at 1 January 2021)	Base salary ³⁷ (\$)	Employer superannuation contributions ³⁸ (\$)	Total fixed remuneration ³⁹ (\$)	Performance payment made ⁴⁰ (\$)
Neil Brennan, Chief Executive Officer	470,775.32	20,744.68	491,520.00	Nil
Stuart Cassie, Chief Operating Officer	398,452.97	37,853.03	436,306.00	Nil
Ross Muir, General Manager Customer, Strategy and Planning	381,024.67	36,197.33	417,222.00	Nil
Lee Bruce, General Manager Corporate Services	341,463.42	43,536.58	385,000.00	Nil
Barbara van Heerden, General Manager Major Projects	321,895.34	41,041.66	362,937.00	Nil
Bruce Linaker, General Manager Digital, Technology and Information	317,534.25	30,165.75	347,700.00	Nil
Melissa Williams, General Manager, People, Culture and Safety	313,950.34	33,749.66	347,700.00	Nil
William Harpham, Company Secretary and General Counsel	247,679.45	23,529.55	271,209.00	Nil

³⁷ Remuneration calculated based on annualised earnings as at 1 January 2021. No allowance for future salary increases has been taken into account as future increases are not guaranteed or known at this point in time.

³⁸ Employer superannuation payments do not include salary sacrificed amounts; these are recorded in base salary.

³⁹ While the base and superannuation components that make up the TFR totals are relevant as at 1 Jan 2021, note that the distribution of these components may vary due to employee voluntary decisions surrounding superannuation with respect to the QSuper employer co-contributions opportunity, or employee voluntary decision to have their super guarantee capped as per the Maximum Super Contributions Base.

⁴⁰ This is the actual payment made in 2020-21 relating to performance in 2019-20. No performance bonuses were paid in 2020-21 in accordance with the Queensland Government wage freeze which was introduced in 2020 in response to the impact of COVID-19 on Queenslanders.

Health Safety and Wellbeing

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

Seqwater will achieve this by:

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

Seqwater's strategy includes the strategic objective to improve safety and organisational culture. In 2021-22 culture, safety and capabilities is a priority for Seqwater. It will focus on the following key areas:

- health and wellbeing strategy
- contractor management capability and discipline
- critical control management
- health, safety and wellbeing performance indicators, measures and insights
- task based risk management tools.

Seqwater maintains a Work Health and Safety Management System that is certified to AS/NZS 4801. In July 2021 Seqwater will transition its certification to ISO 45001.

Contracting

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

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

Attachment 2 – Sponsorship, advertising, corporate entertainment and donations

Table 20

		2020-21 budget	2020-21 estimates actuals	2021-22 budget	Q1	Q2	Q3	Q4	2021-22 per head budget
Project	Benefit	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Sponsorship									
Bunya to the Bay Program	a.	30.0	30.0	30.0	0	0	30.0	0	
Brisbane Exhibition (Ekka)	b.	30.0	30.0	110.0	0	55.0	55.0	0	
Community engagement - Noosa Festival of Water	c.	5.0	5.0	5.0	0	5.0	0	0	
World Science Festival – Force Majeure Fee		45.0	54.0	0	0	0	0	0	
The Queensland Beer Awards		70.0 ⁴¹	0	0	0	0	0	0	
Water industry events ⁴²	d.	11.0	5.0	20.0	13.0	7.0	0	0	
Total over \$5,000		191.0	124.0	165.0	13.0	67.0	85.0	0	
Other (total) below \$5,000		5.0	2.8	0	0	0	0	0	
TOTAL		196.0	126.8	165.0	13.0	67.0	85.0	0	
Advertising									
Public education - <i>Play it safe</i> campaign	e.	190.0	250.0	250.0	0	100.0	150.0	0	
Water Future Program (excluding Drought Response advertising)	f.	250.0	1.5	0	0	0	0	0	
Dam release notification service	g.	23.0	20.0	22.0	0	22.0	0	0	
Drought response	h.	0	2,500.0	1,600.0	1,600.0	0	0	0	
Total over \$5,000		463.0	2,771.5	1,872.0	1,600.0	122.0	150.0	0	
Other (total) below \$5,000	i.	5.0	1.9	0	0	0	0	0	

⁴¹ A decision was made not to proceed with the Queensland Beer Awards 2020-21.

⁴² Figures shown in the Operational Plan 2020-21 separate Water Aid from industry events, these have been combined. Refer to benefit note (d.).

		2020-21 budget	2020-21 estimates actuals	2021-22 budget	Q1	Q2	Q3	Q4	2021-22 per head budget
Project	Benefit	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
TOTAL		468.0	2,773.4	1,872.0	1,600.0	122.0	150.0	0	
Corporate entertainment									
Total over \$5,000		0	0	0	0	0	0	0	
Other (total) below \$5,000		4.0	0	4.0	1.0	1.0	1.0	1.0	
TOTAL		4.0	0	4.0	1.0	1.0	1.0	1.0	
Donations									
Total over \$5,000		0	0	0	0	0	0	0	
Other (total) below \$5,000		0	0	0	0	0	0	0	
TOTAL		0	0	0	0	0	0	0	
Other related activities									
Total over \$5,000		0	0	0	0	0	0	0	
Other (total) below \$5,000		0	0	0	0	0	0	0	
TOTAL		0	0	0	0	0	0	0	
TOTAL ACTIVITIES		668.0	1,711.2	431.0	14.0	185.0	231.0	1.0	

Table 20 lists budgeted sponsorships, advertising, corporate entertainment and donations as at April 2021. Sponsorship opportunities that arise during the financial year are assessed on a case-by-case basis against business strategy for alignment and benefit. Expenditure against any additional approved sponsorships is reported to the responsible Ministers in the quarterly performance reports.

Benefit notes:

- Bunya to Bay is an immersive education program over 20 days developed by Stanley River Environmental Education Centre. Since 2006, Seqwater has provided both financial and in-kind support to this event. The biannual program, written for secondary state school students from years 10-12, has been designed to connect students to the traditional owners that span the Brisbane River, enhance their careers in land management or outdoor recreation and generate curiosity in sustainability and environmental science.
- Engagement and education programs contribute to achieving Seqwater's *Water for life* vision by building a water wise community. Part of this is involvement in community events such as the annual Royal Queensland Show (Ekka) which enables significant awareness, engagement and education on the urban and natural water cycle to Ekka visitors over 10 days. Seqwater, working alongside our retailer customers for 2021, plans to coordinate an exhibition that aligns with the drought strategy – increasing water literacy levels within the community within a highly educational and engaging exhibition. The budget for 2021-22 is based on the Ekka proceeding once approved by the Chief Health Officer in a Covid-19 safe environment. The 2020-21 budget was allocated to a virtual Ekka due to Covid-19 restrictions.
- Seqwater will provide financial support to the annual Noosa Festival of Water as part of the Lake Macdonald Dam upgrade project as a key event to engage the local community.

- d. Seqwater will provide financial support to a range of water industry events, such as the Australian Water Association's QWater Conference, the Water Industry Operators Association of Australia Awards, the Australian National Committee on Large Dams forums and conferences, and WaterAid Australia events. These events provide learning and development opportunities for employees to recognise outstanding achievement in the water industry and enable the Australian water industry to support improvements in water and sanitation in developing countries.
- e. The *Play it safe* public education campaign will promote visitor safety at Seqwater dams and recreation assets. Research shows many people do not have the same level of awareness about safety around lakes as they do in pools or at the beach. More than a third of all drowning deaths (35%) in Australia are on inland waterways – rivers, creeks and dams; that is more than beaches and pools combined (31%). Public education includes radio, online and outdoor advertising to remind the more than 2.5 million people who visit Seqwater's lakes, dams and parks each year to plan ahead and follow safety rules.
- f. The three year Water Future Program will end on 30 June 2021 as scheduled, and is currently in evaluation to determine future requirements. Drought messaging will focus on water wise content.
- g. The dam release notification service public education campaign will encourage the community to register for Seqwater's dam release notification service to be advised when gated dams are releasing water and un-gated dams are spilling. This advertising to raise public awareness of the service supports the recommendations from the 2015 Inspector-General of Emergency Management's dam communication review.
- h. The 2020-21 estimated actuals and 2021-22 budget are prepared based on fair weather conditions and known drought expenses. It does not include any contingency for weather events such as cyclones and floods. Budget will support the continued production and advertising costs of the waterwise campaign.
- i. Other advertising includes public notices to advise the community of events.

Corporate entertainment

Table 21

	2020-21 budget	2020-21 estimated actuals	2021-22 number of activities	2021-22 budget	Q1	Q2	Q3	Q4
	(\$000)	(\$000)		(\$000)	(\$000)			
Corporate Entertainment Total	4.0	0	0	4.0	1.0	1.0	1.0	1.0
TOTAL BELOW \$5,000	4.0	0	0	4.0	1.0	1.0	1.0	1.0

Definitions

Table 22

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

Attachment 3 – Impact of drought

The SEQ Water Grid combined storage levels were 62.0% on 13 May 2021. SEQ's typical wet season finished at the end of March without a substantial increase to the SEQ Water Grid combined storage levels. Despite some good rainfall in the coastal regions, drought is continuing to have an impact on the central region with minimal improvement to the Wivenhoe and Somerset dams combined storage levels. The Wivenhoe and Somerset dams combined storage level remains around 50%, which is the lowest experienced since the Millennium drought.

Seqwater is continuing to fund a number of drought initiatives including on-going operation of the Gold Coast Desalination Plant (GCDP) and the existing train at Luggage Point (part of the Western Corridor Recycled Water Scheme) supplying purified recycled water to industry. Seqwater is investing in media campaigns to encourage reduced residential water consumption and awareness of climate resilient water sources and resources to support drought program management.

The 2021-22 budget is prepared based on fair weather conditions and does not include any contingency for weather events such as cyclones and floods. Only drought costs known at the time of budget submission are included.

Table 23 details the Seqwater Board approved expenditure for costs assuming drought conditions will continue at least until the end of October 2021 as November marks the start of the traditional wet season in SEQ. This includes \$20.8 million provided to supply additional purified recycled water to power stations to reduce demand from Wivenhoe Dam and minor additional readiness activities. Additional costs may occur beyond October 2021.

Additional costs may be required before October 2021 depending on dam levels.

Table 23

	Board approved funding \$m		
	2020-21	2021-22	Total
Operational expenditure	25.4	23.1	48.5
Capital expenditure	0.3 ⁴³	9.9	10.2
Total expenditure	25.7	33.0	58.7

⁴³ Forecast expenditure as approved from the latest Seqwater investment governance committees on 20 May 2021. This has reflected in a reduction from the Board approve value of \$500k (Board approved in March 2021) to revised forecast of \$345K, as per the Seqwater investment governance committee processes.