Seqwater Annual Report 2021-22

seqwater
WATER FOR LIFE

14 September 2022

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

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

Dear Ministers

I am pleased to submit for presentation to the Parliament the Annual Report 2021-22 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 77 of this annual report.

Yours sincerely

The Hon. Dr David Hamill AM
Chairperson

About this report

This report records Seqwater's achievements in 2021-22. Performance is measured against the objectives and targets established in the Strategic Plan 2021-25 and Operational Plan 2021-22 and details financial performance for the year. This report is to be read in conjunction with Seqwater's Corporate Governance Statement.

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

- *Financial Accountability Act 2009*
- *Financial and Performance Management Standard 2019*
- *South East Queensland Water (Restructuring) Act 2007*
- *Annual report requirements for Queensland Government agencies* (2021-22 reporting period)
- *Corporate Governance Guidelines for Government Owned Corporations*, Version 2.0 (Queensland Treasury: February 2009).

This report and Seqwater's Corporate Governance Statement 2021-22 are available on Seqwater's website www.seqwater.com.au.

A printed copy of the report is available on request.

Translation and interpreting assistance

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

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

Contact information

Telephone: 1300 737 928

Email: communications@seqwater.com.au

Website: www.seqwater.com.au

Acknowledging the first Australians

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

Seqwater Annual Report 2021-22
ISSN: 1837-4549

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About Seqwater

Strategic context

Seqwater's vision is *Water for life.*

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

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.

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.

Commitment to Queensland Government objectives

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

Seqwater is conscious of the economic and other challenges facing SEQ and the critical role for water security in response to COVID-19 and recent floods, and to safeguard the health of South East Queenslanders. Seqwater acknowledges its responsibility to make the best use of all its water assets, including the SEQ Water Grid, the Gold Coast Desalination Plant and the Western Corridor Recycled Water Scheme.

SEQ's water resources and infrastructure are a key foundation for economic growth and regional development. Investment in the SEQ Water Grid and other water infrastructure supports a strong economy and ensures water now and for future generations.

Seqwater's procurement policy and procedures embrace the principles of the Queensland Procurement Policy and provide a fair and reasonable opportunity for Queensland suppliers, including local suppliers and small to medium enterprises.

Seqwater is committed to collaborating with government, industry and its communities to protect and improve SEQ's drinking water supply catchments and uphold a positive culture of environmental responsibility and recognition of cultural heritage values.

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

Seqwater's role

Seqwater is a statutory body for the purposes of the *Financial Accountability Act 2009* and the *Statutory Bodies Financial Arrangements Act 1982.* Seqwater complies with the Bulk Water Supply Code and Bulk Water Supply Agreements.

Seqwater's role is to work within its authority established by the Queensland Government under the *South East Queensland Water (Restructuring) Act 2007* to source, store, treat and supply bulk water to its retail customers, which allows Seqwater to also provide essential flood mitigation services, manage catchment health, offer recreation services and supply irrigators.

On behalf of the SEQ community, 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.

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

Chief Executive Officer report

Seqwater worked with the Queensland Government to ensure it continued to deliver critically essential water and flood mitigation services throughout the continuation of the COVID-19 pandemic and challenging weather conditions during the year.

In 2021-22 Seqwater supplied 304,619 ML of treated water to its retailer customers, 3.7% less than in 2020-21.

Seqwater also supplied 15,416 ML to Toowoomba Regional Council and power stations during the year, including 2,717 ML of purified recycled water to the Swanbank and Tarong power stations from the Western Corridor Recycled Water Scheme (a 6% increase on the volume supplied to power stations in 2020-2021).

The Gold Coast Desalination Plant supplied 12,714 ML of water in 2021-22, with its operation being used to supplement the SEQ Water Grid during the first half of the year for drought mitigation purposes. From December 2021, production from the Gold Coast Desalination Plant reverted to its supporting role as part of normal SEQ Water Grid operations.

A further 16,582 ML of raw water was supplied to irrigator customers under their individual water entitlements. The increase in water storages in early 2022 resulted in 100% announced allocations to Seqwater's irrigation customers.

An ongoing focus on health, safety and wellbeing has seen Seqwater's Lost Time Injury Frequency Rate (LTIFR) reduce to 2.3, being a 33% reduction from 2020-2021, and Seqwater's flexible work arrangements for staff were recognised through the Australian Human Resources Awards, as an Excellence Awardee for 'Best Remote Work Strategy'.

During 2021-22, Seqwater developed its first Reflect Reconciliation Action Plan, in preparation for launch during NAIDOC week in July 2022. The Reflect Reconciliation Action Plan provides strategic direction on how Seqwater contributes to the national reconciliation movement between Aboriginal and Torres Strait Islander peoples and non-Indigenous Australians. This is the first step in demonstrating Seqwater's commitment to move forward on this journey of reconciliation with Aboriginal and Torres Strait Islander peoples.

Seqwater has a corporate greenhouse gas emissions target of net zero emissions by 2050, in line with both the Queensland Government policy and community expectations. To work towards that target, Seqwater's initial focus is to reduce emissions relating to its electricity consumption, and during the year put arrangements in place to commence abatement from 2022-23.

Seqwater also invested $155.5 million in infrastructure and non-infrastructure assets. On 14 June 2022 the Queensland Government announced that Seqwater would deliver the Toowoomba to Warwick Pipeline, following planning and design work undertaken by Seqwater during the year. This project forms part of the Queensland Government's $20 million drought resilience package for the Southern Downs region. Seqwater also completed partial remobilisation of the Western Corridor Recycled Water Scheme, with $20 million expenditure for additional production capacity at the Luggage Point Advanced Water Treatment Plant in response to the drought conditions that persisted in the early part 2021-22.

During the year, Seqwater commenced construction of the South West Pipeline to connect Beaudesert to the SEQ Water Grid, and completed an upgrade to 20 sand filters at the Mt Crosby East Bank Water Treatment Plant and an upgrade of valves at Barnes Hill.

Seqwater welcomed approximately 3.2 million visitors to its recreation facilities in 2021-22, up from 3.1 million in 2020-21.

With interim lower full supply levels in place at some dams, the maximum water supply storage across the SEQ Water Grid combined storages is 88%. By November 2021, the SEQ Water Grid combined storage level had dropped to 55%. Above average rainfall from December 2021 produced inflows into the storages over the summer season with SEQ Water Grid combined storage level reaching 70% in mid-February. Extreme rainfall in the late February 2022 flood event increased the SEQ Water Grid combined storage level to 88%. On 30 June 2022 the SEQ Water Grid combined storage level remained at 88%. The Seqwater Flood Operations Centre was mobilised on multiple occasions during the 2021-22 wet season for managing flood releases at gated dams.

There have been several extreme weather events experienced in the SEQ region during the period. Seqwater continued its operations without disruption to supply. While no catastrophic damage to major assets was experienced, Seqwater did experience wide-spread minor damage across its asset portfolio, reflecting the nature and significance of the events, in particular during the late February and early March extreme weather event.

The Queensland Competition Authority (QCA) completed its bulk water price review in April 2022, with the Government announcing an average price increase of 2.14% per annum over the next four years. This modest increase was pleasing and reflects Seqwater's ongoing commitment to efficient service provision to customers.

Performance

Key performance indicators

Financial performance

The 2021-22 budget was prepared based on ‘known fair weather’ conditions. As a result of highly variable weather conditions during the year, water demand and revenues were below budget.

Capital expenditure was below budget due to delay in delivery of some projects (including South West Pipeline). Capital expenditure for the South West Pipeline was below budget due to significant delays in design finalisation delaying construction, COVID-19 and wet weather impacts. Other projects were delivered below budget by realising genuine savings.

Operating expenditure was below budget despite increased costs arising from the wet weather events throughout 2021-22.

Table 1 – Financial Performance

Financial performance		
KPI	**Budget**	**Actual**
Operating revenue $000	1,136,402	1,030,908
Operating expenditure $000	324,700	317,645
EBITDA $000	811,702	733,306
EBIT $000	539,655	466,222
NPAT $000	64,757	13,322
EBITDA margin	71.4%	71.1%
Total assets $000	11,575,529	11,074,290
Capital expenditure $000	190,645	155,514
Gearing ratio (debt to [debt + equity])	0.83	0.86
FFO Interest coverage	1.21	1.00
Capital replenishment ratio	0.70	0.58
Operating expenditure ratio	28.6%	30.8%

Non-financial performance

Demand for 2021-22 was 9.3% below forecast due to several factors including the changes to usage during COVID-19 restrictions, community response to drought conditions in late 2021 followed by wetter than usual conditions for the remainder of the year.

The Seqwater Flood Operations Centre was mobilised during the 2021-22 wet season for managing flood releases at gated dams. Emergency Action Plans were activated for dams within the dam portfolio in response to widespread rainfall throughout the 2021-22 wet season.

Table 2 – Non-Financial Performance

Non-financial performance		
KPI	**Target**	**Actual**
Forecast water production (ML) (excluding power stations)[1,2]	335,768	304,619
Lost time injury frequency rate (LTIFR)[3]	<3.5	2.3
Statutory notifications for environmental harm	0	0
Zones compliant with Australian Drinking Water Guidelines	100%	100%
Dam safety inspection program – legislative compliance	100%	100%

Delivering on strategy

The five objectives that form the core of Seqwater's strategy are outlined in Seqwater's Strategic Plan 2021-25. They are:

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

Seqwater's undertakings in its Operational Plan 2021-22 contribute to attaining those objectives, and progress is set out below.

Increase customer, community and stakeholder support and satisfaction

Community engagement and education

Throughout 2021-22 Seqwater continued to engage and collaborate with the community on topics of interest including water wise tips, capital works and recreation. Communications and engagement were tailored to the operational circumstances. In Q3, engagement transitioned from drought messaging and potential water restrictions to informing the community of dam operations in response to wet weather events.

In 2021-22, Seqwater:

- completed the 2021 community water attitudes and insights survey
- rolled out its annual Play it safe campaign in December 2021
- commissioned a government sentiment survey.

Working with customers

In 2021-22, Seqwater:

- worked with its retailer customers to plan for future growth and uncertainties and to effectively support the region's future aspirations as outlined in the SEQ Regional Plan and Seqwater's long term planning
- developed a new engagement model for streamlining and improving the quality of engagement between Seqwater and its retailer customers
- finalised Water Quality Service Standards for all retailer customers
- conducted annual irrigation forums and commenced customer reference groups for most water supply schemes
- consulted with its retailer customers on the QCA bulk water price review.

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 ≤3.5 for 2021-22.

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 2021-22 Seqwater reviewed its Water Security Program, considering the impacts of future climate change and increased demand for water due to population and economic growth. Seqwater is currently developing an updated Water Security Program.

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. The QCA review of bulk water prices resulted in prices being set to enable Seqwater to recover sufficient revenue to fund operating and capital expenditure.

Table 3 – Comparison of actuals 2020-21 to 2021-22

	2020-21 Actual ($000)	2021-22 Actual ($000)
EBIT	474,145	466,222
NPAT	12,631	13,322
Return of equity	0.72%	0.83%
Return on assets	0.11%	0.12%

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 QCA. In 2021-22, the QCA conducted its bulk water price review and issued its final report in April 2022. The Government accepted the QCA recommendations to set bulk water prices for the period 1 July 2022 – 30 June 2026. Bulk water prices will increase, on average, by 2.14% year-on-year.

Capital program

Program highlights include:

- upgraded two water pipes which supply water from Mt Crosby water treatment plants to Brisbane and Ipswich
- completed the final stage of the water pipeline replacement between Lamb and MacLeay Islands
- completed the construction of the new bridge and access road at Lake Macdonald
- commenced construction on the South West Pipeline project
- replaced 20 sand filters at the Mt Crosby East Bank Water Treatment Plant, that help treat more than half of Brisbane and Ipswich's daily water supply
- committed to investing approximately $5 million towards repairing flood-affected irrigation schemes
- completed partial remobilisation of the Western Corridor Recycled Water Scheme, with $20 million expenditure for additional production capacity at the Luggage Point Advanced Water Treatment Plant in response to emerging drought conditions into late 2021
- commenced construction on relocation of the Mt Crosby East Bank substation, as part of the Mt Crosby Flood Resilience Program.

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 2021-22, Seqwater:

- upgraded its enterprise resource planning
- established a Process Automation Community of Practice which focuses on opportunities to accelerate digitisation and automation across back-office and field work processes to capture cost efficiencies and improve employee experience
- commenced a Flood Operations Centre Resilience Project, which will deliver a new cloud-based environment to provide the Flood Operations Centre with increased operational resilience
- continued its Network Visibility and Monitoring Project to improve the security of Seqwater's control network
- developed and commenced implementation of a Strategic Asset Management Plan, Asset Management Policy and Asset Management Manual
- commenced an Asset Information Improvement program.

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 2021-22 Seqwater:

- prepared and submitted Seqwater's Flood Mitigation Manuals Annual Preparedness Report 2021 to the Dam Safety Regulator
- completed emergency response desktop exercises
- trained selected incident controllers and emergency management team members.

Cyber security has become an increasingly important part of Seqwater's threat planning and preparedness. The cyber security landscape is becoming increasingly sophisticated and Seqwater employs a range of strategies to keep its critical technology systems safe and reliable.

In 2021-22 Seqwater:

- completed two disaster preparedness exercises focused on a cyber security event (Hydra and Typhoon)
- prepared cyber security provisions to meet changes to the *Security of Critical Infrastructure Act 2018*
- trained engineering staff to respond to critical cyber security events
- continued to utilise software that detects and prevents cyber threats to critical Seqwater water systems.

Improve safety and organisational culture

Health, safety and wellbeing

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

In 2021-22 Seqwater successfully transitioned its Work Health and Safety Management System certification from AS/NZS 4801 to ISO 45001.

Seqwater launched its *Health & Wellbeing Strategy 2022 – 2025.* The strategy establishes Seqwater's vision to foster a healthy environment where its people are empowered and supported to take care of themselves and others to achieve their potential. It identifies five principles that will be used to guide and inform the delivery of initiatives to support improvements in health and wellbeing across five domains:

- physical wellbeing
- mental wellbeing
- career wellbeing
- social wellbeing
- economic wellbeing.

Leadership is recognised as a central component to achieving improvements in health, safety and wellbeing performance, with *Water for Life* conversations and critical risk verifications being regularly undertaken by leaders.

Other health safety and wellbeing initiatives delivered in 2021-22 include:

- refined and embedded critical controls and new risk management tools
- review of Seqwater's health safety and wellbeing contractor management processes, with an action plan approved to support embedding this change
- fostering cultural change through the implementation of initiatives to embed key cultural models that reinforces why Seqwater employees choose to work safely and look after their health and wellbeing
- reviewed and refreshed Seqwater's Mental Health First Aid Program, to improve program effectiveness including increasing the number of employees who are trained in Mental Health First Aid.

Seqwater responded to COVID-19 in line with the Queensland Government's Roadmap to Easing Restrictions, the Chief Health Officer's public health directions and Queensland Health's hygiene advice regarding COVID-19.

Seqwater implemented a range of measures to manage the impact of COVID-19 on the workforce and to ensure business continuity including:

- changes to work practices including restricting access to operational sites for non-essential personnel and enabling non-frontline employee to work from home in peak infection periods
- use of Rapid Antigen Testing for attendance at operational sites for any employees potentially exposed to COVID-19
- vaccine encouragement with the provision of paid leave to obtain a vaccination
- access to a resource portal, webinars and individual consultations with Seqwater's Chief Medical Officer for vaccine hesitant staff
- approval for special leave (paid) for operational staff who are unable to attend work or work from home due to Government isolation requirements
- access to Special Pandemic Leave (up to 20 days)
- pre-approval from Government for critically essential frontline workforce to leave quarantine in agreed circumstances
- emergency simulations to test Seqwater's response to positive cases
- adjustments to facilitate social distancing and personal hygiene including room reservations, distanced workstations, room limits, regular cleaning and access to hand sanitiser/alcohol wipes/masks.

Organisational culture

Seqwater implemented a range of initiatives to support improved leadership effectiveness and cultural transformation during 2021-22, including:

- initiatives to enable improved understanding of Seqwater's culture. This included the implementation of a pulse survey focused on values and trust and a series of employee interviews designed to identify focus areas for improvement
- initiatives to improve access to professional development, including the implementation of the LinkedIn Learning platform
- improved employee communication and engagement and use of organisational values in decision-making.

Inclusion and diversity

Seqwater's commitment to inclusion and diversity is outlined on Seqwater's website in its Corporate Governance Statement. During 2021-22, Seqwater:

- launched the Diversity and Inclusion Strategy (2021-22)
- partnered with "Uniq You" to encourage increased female participation in non-traditional roles through an industry mentoring program
- applied a diversity lens to the NextGen apprentice and graduate recruitment through the use of neutral gender language software in job advertisements and targeted campaigns
- developed its first Reflect Reconciliation Action Plan in preparation for launch during NAIDOC week in July 2022
- strengthened approaches to the management of domestic and family violence through the review and update of the domestic and family violence procedure and the development of supporting resource material and improved leadership capability
- conducted its annual workforce diversity census and annual gender equity review
- supported and contributed to *Pride in Water* to ensure its LGBTIQ+ employees feel valued, safe and included. *Pride in Water* is a national collaborative network initiative led by the Water Service Association of Australia (WSAA) and supported by the Australian Water Association (AWA).

Hybrid Work

Seqwater recognises the importance of flexible work in enhancing its employees' experience and improving performance and engagement. Building on its previous agile working strategy, Seqwater has transformed the way it works by introducing a remote work strategy for more than 60% of its workforce.

The new strategy provides Seqwater and its employees with the flexibility to get the best outcomes at work and at home. Applying a hybrid model, employees are able to work at home or at a work location of their choice enabling them to select the work environment that is best suited to the type of work being performed and to their daily routine.

Seqwater is proud to be recognised through the Australian Human Resources Awards as an Excellence Awardee for 'Best Remote Work Strategy'.

Industrial relations and remuneration practices review

Seqwater is committed to its compliance with employment obligations. Following a comprehensive review of industrial relations and remuneration practices in 2020-21, in 2021-22 Seqwater implemented a range of strategies to improve employment governance and address issues that had been identified. These strategies included the introduction of new employment and remuneration processes and practices and comprehensive training to ensure all employees understand their entitlements under the Enterprise Agreement.

Seqwater continues to work closely with internal and external stakeholders including the Fair Work Ombudsman, employees and unions as part of the industrial relations and remuneration practices review process.

Governance

Corporate governance

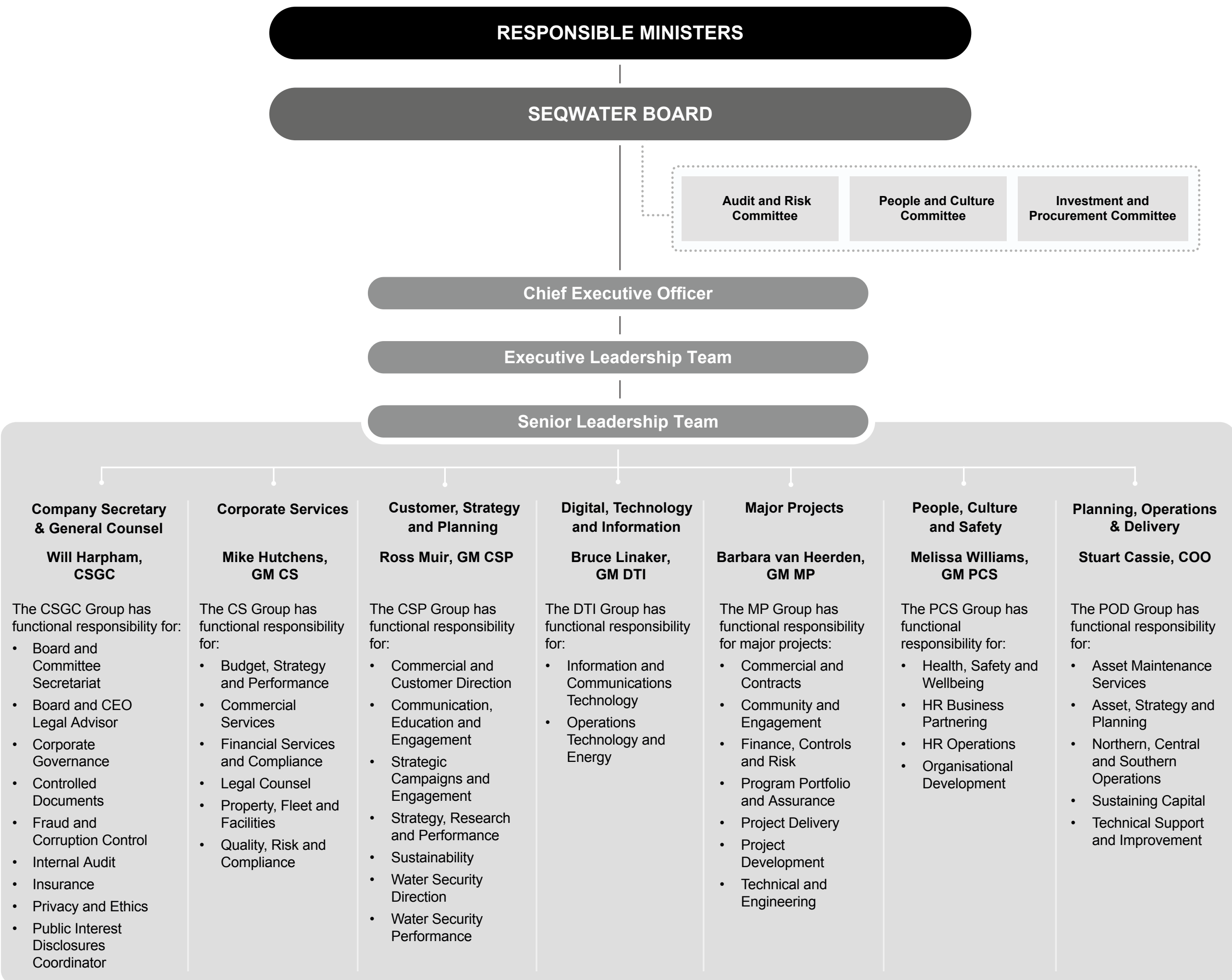
Seqwater has developed its Corporate Governance Statement 2021-22 (the statement) in an effort to mature its corporate governance arrangements as part of its strategic objective to improve processes, systems and planning.

The statement explains how Seqwater complies with the expectations for statutory authorities as set out in the *Corporate Governance Guidelines for Government Owned Corporations*, Version 2.0 (Queensland Treasury: February 2009), relevant legislation and government guidelines. The statement will be reviewed annually in alignment with Seqwater's disclosure obligations under the *Annual report requirements for Queensland Government agencies*.

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

Management and structure

Organisational Structure



Responsible Ministers

General information related to Seqwater's responsible Ministers, including how Seqwater communicates with them on a continuous disclosure and formal reporting basis, is outlined on Seqwater's website in its Corporate Governance Statement 2021-22.

Seqwater Board

General information related to the Board is located on Seqwater's website in its Corporate Governance Statement 2021-22, including:

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

Government bodies reporting template summary

Name of Government body	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 2021-22 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 and flood 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 2022-23 and draft Strategic Plan 2022-26.
Financial reporting	The Board, through the Audit and Risk Committee, oversees financial reporting. The audited 2021-22 financial statements and related disclosures were approved by the Board on 7 September 2022.

Remuneration					
Position	**Name**	**Meetings/ sessions attendance**	**Approved annual fee**[4]	**Approved sub-committee fees if applicable**	**Actual fees received**[5]
Chairperson	Hon. Dr David Hamill	24 (9 Board, 15 Committee)	$100,000	$4,500 per committee p.a. (Committee member)	$113,499.96
Board member	Penny Tovey	18 (8 Board, 10 Committee)	$45,000	$8,000 p.a. (Committee Chair) $4,500 per committee p.a. (Committee member)	$57,500.04
Board member	Marita Corbett	21 (9 Board, 12 Committee)	$45,000	$8,000 p.a. (Committee Chair) $4,500 per committee p.a. (Committee member)	$63,252.00
Board member	John McEvoy	21 (9 Board, 12 Committee)	$45,000	$8,000 p.a. (Committee Chair) $4,500 per committee p.a. (Committee member)	$57,499.92
Board member	Catherine Mickel	19 (9 Board, 10 Committee)	$45,000	$4,500 per committee p.a. (Committee member)	$54,000.00
Board member	Gail Ker	19 (9 Board, 10 Committee)	$45,000	$4,500 per committee p.a. (Committee member)	$59,400.00
No. Scheduled meetings/ sessions	Board meetings: 9 Audit and Risk Committee meetings: 6 Investment and Procurement Committee: 6 People and Culture Committee meetings: 4				
Total out of pocket expenses	NIL				

4 Excludes superannuation contributions.

5 Excludes employer superannuation contributions, unless otherwise noted.

Board member profiles

The Hon. Dr David Hamill AM (Chairperson)

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

The Hon. Dr Hamill is a professional non-executive company director with an extensive track record and Board experience. He is currently Chair of the Seqwater Board and Act for Kids. He is also 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 Status	(Re) Appointment Date	Term Ends
Independent	1 October 2018 1 October 2021	24 May 2024

Ms Tovey has more than 25 years of experience in organisational leadership, legal compliance, industrial relations, human resources management, resource utilisation and organisational development. She is currently 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 Status	(Re) Appointment Date	Term Ends
Independent	13 December 2019	30 September 2022

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

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

Ms Catherine Mickel

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

Ms Mickel is a physiotherapist with more than 30 years of experience across public, private and community health sectors. She is currently 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 Status	(Re) Appointment Date	Term Ends
Independent	1 October 2020	30 September 2023

Ms Ker is currently a board member on the Migration Council Australia. During the period she ended her role as the CEO of Access Community Services Ltd. 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 Status	(Re) Appointment Date	Term Ends
Independent	1 October 2020	30 September 2023

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.

Performance evaluation

Following its externally facilitated review in 2021, the Seqwater Board conducted a self-evaluation in May 2022. This process involved Board members completing a questionnaire considering the performance of the Board, its sub-Committees and the Board Secretariat over the previous 12 months. At its May 2022 meeting, the Board discussed the questionnaire responses, in the context of the current business environment, Seqwater's progress against its Corporate Strategy, the recommendations from its previous evaluation and with reference to the Board's Skill Matrix. As a result of its discussion, the Board has affirmed a number of governance improvement opportunities.

Standing committees of the Board

The Board has three standing committees that meet periodically:

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

In 2021-22 the Audit and Risk Committee considered audit reports, prepared by the Queensland Audit Office (QAO), which outlined all audit recommendations made by the QAO.

General information related to the Board's standing committees is located on Seqwater's website in its Corporate Governance Statement 2021-22.

In 2021-22 the Board's standing committees comprised:

Table 4 – Board Committees

Committee	Membership	Meetings held (2021-22)
Audit and Risk Committee	Marita Corbett (Chairperson) Penny Tovey Dr David Hamill John McEvoy	July, August, October, February, March and May. All Audit and Risk Committee members attended all meetings held except the May 2022 meeting, at which Dr David Hamill was an apology.
Investment and Procurement Committee	John McEvoy (Chairperson) Marita Corbett Dr David Hamill Catherine Mickel Gail Ker	August, October, December, February, April and June. All Investment and Procurement Committee members attended all meetings held.
People and Culture Committee	Penny Tovey (Chairperson) Dr David Hamill Catherine Mickel Gail Ker	August, October, February and June. All People and Culture Committee members attended all meetings held.

All Board members are entitled to attend committee meetings.

Board meetings were held in July, August, September, November, March and May, plus further special meetings held in August, December and February. All Board members attended all meetings held except the July meeting, at which Penny Tovey was an apology.

Executive Management

General information related to the Executive is located on Seqwater's website in its Corporate Governance Statement 2021-22.

Executive profiles

In 2021-22 the Executive comprised:

Neil Brennan, Chief Executive Officer

Neil joined Seqwater in August 2018 with a 40-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 transitioned from the former water business LinkWater to Seqwater in 2013 as Manager Legal Services. He was appointed to Company

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

Melissa Williams – General Manager, People, Culture and Safety

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

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

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

Barbara van Heerden – General Manager, Major Projects

Barbara joined Seqwater in 2019. 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 (until 23 November 2021)

Lee left Seqwater in November 2021. Lee 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. Prior to working with Seqwater, Lee held the role of COO for the European Capital Markets and Treasury Solutions Division at Deutsche Bank London and Director of Corporate Services for the Translational Research Institute, Brisbane.

Mike Hutchens – General Manager, Corporate Services (from 11 April 2022)

Mike joined Seqwater in April 2022. Mike is an experienced leader and Chartered Accountant with over 25 years of experience working in a range of businesses including regulated government owned organisations in the energy industry, publicly listed multi-national mining companies and financial and professional services firms. Before joining Seqwater, Mike was the General Manager Financial Control with Energy Queensland. Prior to this he was the Chief Financial Officer at Ergon Energy.

Bruce Linaker – General Manager, Digital Technology Information

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

Performance evaluation

General information related to the Executive performance evaluation process is on Seqwater's website in its Corporate Governance Statement 2021-22.

A performance evaluation of the Executive occurred during the reporting period 2021-22. In accordance with the July 2021 Addendum to the Queensland Treasury *Chief and Senior Executive Employment Arrangements Guidelines*, no performance payments were paid to Executives in 2021-22 for performance during 2020-21.

Executive committees

The Executive have five sub-committees:

- Health, Safety and Wellbeing Steering Committee
- Executive Fiscal Review Committee
- Major Projects Steering Group
- Energy Strategy Steering Committee
- Operational Technology Steering Committee.

Details of the roles and responsibilities, membership and structure of the executive committees is located on Seqwater's website in its Corporate Governance Statement 2021-22.

Public sector ethics

General information related to Seqwater's approach to ethical and responsible decision making is located on Seqwater's website in its Corporate Governance Statement 2021-22, including:

- Seqwater's code of conduct, culture and values approach to compliance with the *Public Sector Ethics Act 1994* and its principles and values
- fraud and corruption controls, including:
- conflicts of interest controls
- human rights and modern slavery risk controls
- public interest disclosure controls.

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 2021-22, Seqwater developed a Board approved Human Rights Policy Statement establishing Seqwater's commitment to eliminating human rights risks in how it conducts business.

Seqwater received no human rights complaints in 2021-22.

Risk management and accountability

General information related to Seqwater's approach to risk management, internal audit and external scrutiny is located on Seqwater's website in its Corporate Governance Statement 2021-22.

Risk management

In 2021-22 the Board approved a revised Risk Appetite Statement and Enterprise Risk Framework.

Internal audit

General information related to Seqwater's internal audit function is located in Seqwater's Corporate Governance Statement 2021-22.

In 2021-22 Internal Audits focussed on:

- technology governance
- customer to cash
- accounts payables
- environment and heritage (options analysis).

External scrutiny

There was no external scrutiny undertaken in 2021-22.

Information systems and record keeping

General information related to Seqwater's management and compliance with its information management and record keeping obligations is located on Seqwater's website in its Corporate Governance Statement 2021-22.

Seqwater has approved policies, procedures and processes that govern the management of records from creation to disposal, resulting in a total of 3.5 million electronic records held in its Electronic Document Management System. In 2021-22 Seqwater experienced a 27% increase in the capture of electronic records, from 273,378 records saved in 2020-21 to 378,352 records saved in 2021-22.

The rise in the capture of records is a positive outcome resulting from continued user engagement, induction training, group forums and awareness sessions. To ensure continuous improvement, a new self-service learning portal is currently in development, allowing users to have the opportunity to expand their technical and recordkeeping knowledge, or recap on completed modules, at their own discretion.

Human resources governance

General information related to Seqwater's human resources governance is located on Seqwater's website in its Corporate Governance Statement 2021-22 under the heading of 'Performance and Organisational Development Framework'.

Workforce profile

Table 5: Workforce profile data

	FTE
Total FTE for Seqwater at 30 June 2022	779.94

Table 6: Workforce gender profile

Gender	Number (Headcount)	Percentage of total workforce (Calculated on headcount)
Man	534	67.5%
Woman	257	32.5%
Non-binary	0	0%

Open Data

Corporate entertainment

There was no corporate entertainment in 2021-22.

Overseas travel

There was no overseas travel in 2021-22.

Consultancies

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).

Government directions

In 2021-22, no:

- statement of obligations
- Ministerial directions

have been issued to Seqwater under section 51A or 61, respectively, of the *South East Queensland Water (Restructuring) Act 2007*.

Audited Financials

Queensland Bulk Water Supply Authority
(Trading as Seqwater)

Annual Financial Report
For the year ended 30 June 2022

seqwater
WATER FOR LIFE

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Statement of comprehensive income

for the year ended 30 June 2022

	Notes	2022 $000	2021 restated* $000
Revenue			
Water sales	B1-1	1,010,567	1,016,782
Grants and other contributions	B1-2	13,377	13,348
Other revenue	B1-3	6,964	9,065
Total operating revenue		**1,030,908**	**1,039,195**
Revaluation increment	C3-7	20,043	-
Total revenue		**1,050,951**	**1,039,195**
Expenses			
Employee benefit expenses	B2	115,861	113,350
Supplies and services	B3	187,124	176,192
Depreciation and amortisation	C3-7	267,084	264,257
Finance/borrowing costs	B4	445,105	454,301
Other expenses	B5	14,660	11,251
Total operating expenses		**1,029,834**	**1,019,351**
Operating result before income tax		**21,117**	**19,844**
Income tax expense	B6	7,795	7,213
Operating profit		**13,322**	**12,631**
Other comprehensive income			
Item that will not be reclassified subsequently to operating profit or loss:			
Increase/(decrease) in asset revaluation surplus net of tax		(290,911)	-
Total other comprehensive income/(loss)		**(290,911)**	**-**
Total comprehensive income/(loss)		**(277,589)**	**12,631**

The accompanying notes form part of these financial statements.
**Refer to Note A1-8 and D3-1 for details regarding the restatement as prior period adjustments.*

Statement of financial position

as at 30 June 2022

	Notes	2022 $000	2021 restated* $000	As at 1 July 2020 restated* $000
Current assets				
Cash and cash equivalents	C1	318,386	473,016	313,997
Trade and other receivables	C2	148,263	147,615	149,381
Inventories		11,210	9,812	9,374
Other current assets		6,398	5,876	5,248
Total current assets		**484,257**	**636,319**	**478,000**
Non-current assets				
Property, plant and equipment	C3-7	10,440,269	10,944,446	11,078,951
Right-of-use assets	C10	4,123	4,715	5,308
Intangible assets	C4-4	144,956	148,458	153,789
Other non-current assets		685	847	555
Total non-current assets		**10,590,033**	**11,098,466**	**11,238,603**
Total assets		**11,074,290**	**11,734,785**	**11,716,603**
Current liabilities				
Trade and other payables	C5	36,616	40,836	35,208
Employee benefits	C6	33,268	40,583	36,229
Interest bearing liabilities	C7	310,547	276,849	36,657
Lease liabilities	C10	489	435	386
Other current liabilities	C9	11,473	11,946	11,841
Total current liabilities		**392,394**	**370,649**	**120,321**
Non-current liabilities				
Employee benefits	C6	3,185	3,704	3,599
Interest bearing liabilities	C7	8,868,925	9,144,305	9,384,583
Lease liabilities	C10	4,252	4,741	5,176
Deferred tax liabilities	C8-1	70,380	189,317	182,104
Other non-current liabilities	C9	259,382	270,764	282,146
Total non-current liabilities		**9,206,124**	**9,612,831**	**9,857,608**
Total liabilities		**9,598,518**	**9,983,480**	**9,977,929**
Net assets		**1,475,772**	**1,751,305**	**1,738,674**
Equity				
Contributed equity		(715,888)	(715,888)	(715,888)
Asset revaluation surplus	C11	2,460,179	2,755,888	2,755,888
Accumulated deficit		(268,519)	(288,695)	(301,326)
Total equity		**1,475,772**	**1,751,305**	**1,738,674**

The accompanying notes form part of these financial statements.

**Refer to Note A1-8 and D3-1 for details regarding the restatement as prior period adjustments*

Statement of changes in equity

for the year ended 30 June 2022

	Accumulated deficit restated* $000	Asset revaluation surplus $000	Contributed equity $000	Total $000
Balance as at 1 July 2020 as previously reported	(294,360)	2,755,888	(715,888)	1,745,640
Prior period adjustment*	(6,966)	-	-	(6,966)
Balance as at 1 July 2020 restated*	**(301,326)**	**2,755,888**	**(715,888)**	**1,738,674**
Operating profit from continuing operations*	12,631	-	-	12,631
Balance as at 30 June 2021 restated*	**(288,695)**	**2,755,888**	**(715,888)**	**1,751,305**
Balance as at 1 July 2021 restated*	(288,695)	2,755,888	(715,888)	1,751,305
Operating profit from continuing operations	13,322	-	-	13,322
Total other comprehensive income:				
Increase/(decrease) in asset revaluation surplus	-	(290,911)	-	(290,911)
Transfer revaluation surplus as a result of disposal of non-current asset	6,854	(4,798)	-	2,056
Balance as at 30 June 2022	**(268,519)**	**2,460,179**	**(715,888)**	**1,475,772**

The accompanying notes form part of these financial statements.

**Refer to Note A1-8 & D3-1 for details regarding the restatement as prior period adjustments.*

Statement of cash flows

for the year ended 30 June 2022

	Notes	2022 $000	2021 restated* $000
Cash flows from operating activities			
Inflows:			
Receipts from water services		1,005,810	1,017,748
Grants received		1,810	418
Interest received		1,906	2,426
Other revenue		10,961	8,540
GST collected		34,717	30,452
Outflows:			
Payments to suppliers and employees*		(323,897)	(288,801)
Finance and borrowing costs		(446,044)	(454,075)
GST paid		(36,269)	(30,246)
Other		(2,454)	(3,616)
Net cash provided by operating activities	CF-1	**246,540**	**282,846**
Cash flows from investing activities			
Inflows:			
Proceeds from sale of plant and equipment		941	401
Outflows:			
Payments for property, plant and equipment		(157,267)	(121,184)
Payments for intangibles*		(3,677)	(2,358)
Net cash used in investing activities		**(160,003)**	**(123,141)**
Cash flows from financing activities			
Outflows:			
Borrowing redemption		(240,452)	-
Lease payments		(715)	(686)
Net cash provided by financing activities		**(241,167)**	**(686)**
Net increase in cash and cash equivalents		(154,630)	159,019
Cash and cash equivalents at the beginning of the financial year		473,016	313,997
Cash and cash equivalents at the end of the financial year	C1	**318,386**	**473,016**

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

	2022 $000	2021 restated* $000
Operating profit*	**13,322**	**12,631**
Non-cash items included in operating result:		
Depreciation and amortisation expense*	266,491	263,664
Losses/(gains) on sale of property, plant and equipment	186	(177)
Lease	873	893
Income tax expense*	7,795	7,213
Revaluation increment	(20,043)	-
Doubtful debts expenses	226	3
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	679	1,556
(Increase)/decrease in inventories	(1,280)	(437)
(Increase)/decrease in GST receivable	(1,540)	197
(Increase)/decrease in other current assets	(361)	(920)
Increase/(decrease) in trade and other payables*	649	5,222
Increase/(decrease) in employee benefits*	(7,834)	4,460
Increase/(decrease) in other liabilities	(11,382)	(11,382)
Increase/(decrease) in loan interest payable	(1,229)	(86)
Increase/(decrease) in GST payable	(12)	9
Net cash provided by operating activities	**246,540**	**282,846**

CF – 2 Changes in liabilities arising from financing activities

		Non-cash changes		Cash flows			
	Opening balance $000	Transfers to / (from) QTC $000	New lease acquired $000	Other $00	Cash received $000	Cash repayments $000	Closing balance $000
2022							
Leases	5,176	-	-	281	-	(716)	4,741
Borrowings	9,384,583	-	-	-	-	(240,453)	9,144,130
Total	**9,389,759**	**-**	**-**	**281**	**-**	**(241,169)**	**9,148,871**
2021							
Leases	5,562	-	-	300	-	(686)	5,176
Borrowings	9,384,583	-	-	-	-	-	9,384,583
Total	**9,390,145**	**-**	**-**	**300**	**-**	**(686)**	**9,389,759**

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 2021
- 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 related restrictions and disruptions have been varied, and include reductions in employee benefits relating to 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 increased employee allowances, being offset by the reduction in employee benefits relating to performance payments.

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 Trade and Investment issued to the Entity on 24 June 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 bilk 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 2022, 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 2022 and has a cash balance of $318 million at 30 June 2022 (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 and remuneration review
Income tax and utilisation of tax losses	C8	Recoverability of deferred tax assets and recognition of deferred tax liabilities
Contingencies	D2	Litigation in progress and remuneration review

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 2020-21 financial statements except where restated for identified prior period adjustments.

Current/non-current classification

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

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

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

A1-8 Prior period adjustments

During the reporting period, the Entity has continued the review of employment arrangements. 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 2022. The annual amounts were not material to profit for any of the individual years to which they related. A total of $6.1 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 $4.3 million as an expense in 2022 relating to rectification payments. The estimate has been revised based on the ongoing employment arrangement considerations and additional data.

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

Balance Sheet (Extract)	As previously restated 1 July 2020^ $000	Increase/(decrease) $000	Restated 1 July 2020 $000
Current liabilities – Employee benefits	30,888	5,341	36,229
Non-current liabilities - Deferred tax liabilities	183,706	(1,602)	182,104
Net assets	1,742,413	(3,739)	1,738,674
Accumulated deficit	(297,587)	(3,739)	(301,326)
Total equity	1,742,413	(3,739)	1,738,674

Statement of Comprehensive Income (Extract)	As previously restated 30 June 2021^ $000	Increase/(decrease) $000	Restated 30 June 2021 $000
Expenses – Employee expenses	112,631	719	113,350
Total operating expenses	1,018,632	719	1,019,351
Operating result before income tax	20,563	(719)	19,844
Income tax expense	7,429	(216)	7,213
Operating profit	13,134	(503)	12,631

Balance Sheet (Extract)	As previously restated 30 June 2021^ $000	Increase/(decrease) $000	Restated 30 June 2021 $000
Current liabilities – Employee benefits	34,523	6,060	40,583
Non-current liabilities - Deferred tax liabilities	191,135	(1,818)	189,317
Net assets	1,755,547	(4,242)	1,751,305
Accumulated deficit	(284,453)	(4,242)	(288,695)
Total equity	1,755,547	(4,242)	1,751,305

^ The previously stated balances include the adjustments for change in accounting policy, refer to Note D3-1.

A1-9 Authorisation of financial statements for issue

The financial statements were authorised for issue by the Board on 7 September 2022.

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)	• The Bulk Water Supply Agreements (BWSA) between the Entity and the DRs set out the terms and conditions for the monthly water billing. • The unit price per megalitre is in accordance with the Ministerial set price. • Based on the Entity's past experience, all the DR invoices are paid within the payment terms, no impairment indicator exists for the monthly billing to the DRs.	The Entity recognises bulk water revenue monthly based on the actual megalitres supplied to the grid customer during the calendar month.
Bulk water sales to Stanwell Corporation, CleanCo Queensland and Toowoomba Regional Council	• The bulk water supply agreements between the parties set out the terms and conditions for the monthly water billing. • There are fixed and variable charges in the agreement. The charge rates are listed in the agreement and subject to annual review. Meter reading points and water supply calculation methodologies are clearly documented in the agreement. • Based on the Entity's past experience, all the Stanwell Corporation, CleanCo Queensland and Toowoomba Regional Council invoices are paid within the agreed payment terms, no impairment indicator exists for the monthly billing to them.	The Entity recognises bulk water revenue, including both fixed and variable charges monthly, based on the agreement price and water supply allocation methodology.
Water sales to irrigation	• Section 146 of the *Water Act 2000* requires a standard supply contract to be in place when water entitlements are converted to water allocations. • Irrigation customers have various supply contracts with the Entity. • Charges for rural irrigation water are largely calculated based on two-part tariff charges. Part A relates to fixed costs based on water allocation volume and is applied quarterly in advance and Part B represents the charge for water use based on meter readings for the previous quarter. • The charges for Part A and Part B are in accordance with the Ministerial set prices.	The Entity recognises irrigation water sales revenue monthly, the fixed component is as per set charges and the variable component is based on the actual meter reading.

Revenue recognised over time

	2022 $000	2021 $000
Water sales – water grid	1,006,159	1,012,944
Water sales – irrigation	4,408	3,838
Total	**1,010,567**	**1,016,782**

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.

	2022 $000	2021 $000
CSO	1,793	1,602
Government grant	11,584	11,746
Total	**13,377**	**13,348**

B1-3 Other revenue

	2022 $000	2021 $000
Interest	1,939	2,385
Insurance claims	1,229	4,440
Other	3,796	2,240
Total	**6,964**	**9,065**

B2 Employee benefit expenses

	2022 $000	2021 restated* $000
Employee benefits		
Wages and salaries*	87,774	86,057
Annual leave expenses	8,682	7,985
Long service leave expenses	1,201	2,244
Employer superannuation contributions	10,457	10,355
Employee related expenses		
Workers' compensation premium	75	362
Payroll tax	5,451	4,853
Other employee related expenses	2,221	1,494
Total	**115,861**	**113,350**

Employee benefits

Employee benefits are expensed as the related service is provided.

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

Employee related expenses

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

Superannuation schemes

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

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

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

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

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

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

Full time equivalent employees

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

	2022	2021
Number of employees		
Permanent employees	651	663
Fixed term employees	128	157
Total	**779**	**820**

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

B3 Supplies and services

	2022 $000	2021 restated* $000
Labour hire	1,395	2,100
Consultancies and contractors^	19,111	17,380
Operational contracts	31,449	31,356
Energy	23,668	25,016
Information technology and communications*	13,500	13,078
Repairs and maintenance – dams and weirs	1,669	4,502
Repairs and maintenance – water treatment plants	15,641	8,709
Repairs and maintenance – pipelines and other	15,813	14,841
Chemicals and treatments	36,714	27,298
Legal	4,225	7,205
Suppliers and consumables	18,657	19,250
Bulk water service purchase payment	3,605	3,579
Other expenses	1,677	1,878
Total	**187,124**	**176,192**

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

B4 Finance/borrowing costs

	2022 $000	2021 $000
Interest paid or payable to QTC	444,816	453,988
Interest on lease liabilities	280	301
Other financial costs	9	12
Total	**445,105**	**454,301**

Finance/borrowing costs comprise:

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

Finance/borrowing costs are expensed in the Statement of Comprehensive Income using the effective interest method. Finance/borrowing costs that are not settled in the period in which they arise are added to the carrying amount of the borrowing.

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

No borrowing costs are capitalised into qualifying assets.

B5 Other expenses

	2022 $000	2021 $000
Insurance	8,709	7,940
External audit fees^	339	339
Rates and taxes	2,641	2,535
Losses/(gain) on disposal - net	186	(177)
Other	2,785	614
Total	**14,660**	**11,251**

^ Total audit fees quoted by the Queensland Audit Office relating to the 2021-22 financial statements are $335k (2021: $339k)

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:

	2022 $000	2021 restated* $000
Profit before income tax*	21,117	19,844
Prima facie income tax thereon at 30% (2021: 30%)*	6,335	5,953
Add:		
Recognition of under/over tax provision	-	(4)
Tax impact of revaluations on disposals	142	-
Recognition of capital losses	51	-
Depreciation difference on transferred council assets	1,261	1,261
Non-deductible expenses	6	3
Total	**7,795**	**7,213**

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

	2022 $000	2021 $000
Cash at bank	19,803	18,154
Short-term deposits	298,583	454,862
Total	**318,386**	**473,016**

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

C2 Trade and other receivables

	2022 $000	2021 $000
Trade debtors – retail	140,874	139,045
Trade debtors – other	3,011	5,518
Less: loss allowance	(341)	(115)
Total	**143,544**	**144,448**
GST receivable	4,864	3,324
GST payable	(145)	(157)
Total	**4,719**	**3,167**
Total	**148,263**	**147,615**
Receivables arising from contracts with Customers		
Balance at 1 July	139,045	139,540
Increase / (decrease)	1,829	(495)
Balance at 30 June	**140,874**	**139,045**

Trade and other receivables

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

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

Loss allowance

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

The collectability of receivables is assessed periodically with provision being made where receivables are impaired. The calculations reflect historical observed default rates calculated using credit losses experienced on the past sales transactions during the last four years preceding 30 June 2022. 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)

	2022			2021		
	Gross receivables $000	Loss rate	Expected credit losses $000	Gross receivables $000	Loss rate	Expected credit losses $000
Receivables						
1 to 30 days overdue	729	27%	196	2	-	-
31 to 60 days overdue	196	28%	54	125	25%	31
61 to 90 days overdue	37	28%	10	20	25%	5
>90 days overdue	293	28%	81	495	16%	79
Total overdue	**1,255**		**341**	**642**		**115**

Movement in allowance for impairment for impaired receivables

	2022 $000	2021 $000
Balance at 1 July	(115)	(122)
Decrease/ (increase) in allowance recognised in operating result	(226)	4
Amount written-off during the year in respect of bad debts	-	3
Total	**(341)**	**(115)**

C3 Property, plant and equipment and related depreciation expense

C3-1 Recognition and acquisition

Cost of acquisition

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

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

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

Basis of capitalisation and recognition thresholds

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

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

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

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

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

Componentisation of complex assets

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

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

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

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

C3-2 Measurement using historical cost

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

C3-3 Measurement using fair value

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

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

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

Land and buildings

The Board approved the remeasurement of land and buildings at fair value as at 30 June 2022.

Where land and buildings have not been specifically valued by the professional valuer in the reporting period, their previous valuations are materially kept up to date via the application of relevant indices. The Entity ensures that the application of such indices results in a valid estimation of the assets' fair values at reporting date. The Entity utilised the Queensland Globe online interactive tool to derive the market movement data applicable to land and building portfolios for 30 June 2022. Indices used are also tested for reasonableness comparing the results to publicly available market movement data. The last professional valuation was performed between February and June 2020 with an effective date of 30 June 2020.

Land with a total value of $26,496,275 (2021: $26,496,275) representing reserve land is not included in the carrying value of land. As the land is retained by the Queensland Government, however, the economic benefit of the land accrues to the Entity and the land is administered by the Entity on behalf of the Department of Resources (held in their Statement of Financial Position).

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

Infrastructure assets

An income-based approach to fair value (adopting market participant principles as required by accounting standard AASB13 *Fair Value Measurement)* was undertaken as at 30 June 2022. The income approach converts multiple future cash flow amounts to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

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

- a demand forecast for physical sale projections and ongoing levels of service requirements that is considered 'most likely' given current trends;
- estimated future cash flows, based on management's estimate, have been projected over 30 years and discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset;
- the Weighted Average Cost of Capital (WACC) discount rate of 5.9% (2021: 5.9%) has been used to discount cash flows and has been developed from a market participant perspective;
- future capital expenditure and related revenues relating to restructuring or improving asset performance have been included in the cash flows, including forecast expenditure on water supply augmentation from the financial year 2028 as set out in the *South East Queensland's Water Security Program 2016-2046 (Version 2)*;
- fixed and variable operational expenditure derived from the Board approved 2022-23 Budget, extrapolated post financial years based on forecast production;
- the projected regulatory asset base value (at a multiple of 1) has been used to compute the terminal value of the valuation; and
- drought likelihood probability has been factored into valuation inputs by the inclusion of a drought overlay scenario weighting, the drought and fair-weather blended profile has been used when it is applicable.

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

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

Pricing scenario	Scenario assumptions	2022	2021
1	QCA bulk water price path (including FY2023 reset) to FY2028, then annual CPI increases (2.5% pa)	40%	40%
2	QCA bulk water price path (including FY2023 reset) to FY2028, then full Maximum Allowed Revenue (MAR)* reversion from FY2029	10%	10%
3	QCA bulk water price path (including FY2023 reset) to FY2028, then a linear regression to MAR at next bulk augmentation completion date.	50%	50%

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

The occurrence of drought materially changes key estimates and inputs. As at reporting date, the combined dam level is above 85%, and the drought trigger probability of combined dam level below 50% is 0%, as a result the impact from drought on a blended model is not applicable on the asset valuation. The 2022 asset valuation has been prepared under the fair-weather assumption.

Valuation profile	Profile assumptions	2022	2021
Fair-weather	Base assumptions for demand, operational and capital expenditure and pricing.	100%	92%
Drought	Drought overlay assumptions factor in water restrictions, increased operational and capital expenditure, and pricing impacts.	0%	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. The bulk water price post 2028 has been estimated using a building block approach and regulatory pricing principles. Demand forecast for physical sales projections have been forecast based on the 'most likely' growth scenario based on current trends.	A higher allowed rate of return increases the fair value. A higher demand forecast increases the fair value.
Operating expenditure	Operating expenditures are based on the corporate plans of management reflecting the expenditure required to operate and maintain the assets.	A lower operating expenditure increases the fair value.
Capital expenditure	Future capital expenditure required to ensure the security and reliability are based on *South East Queensland's Water Security Program 2016-2046 (Version 2)*, 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 (2021: 1.00).	A higher terminal value and multiple increases the fair value.
WACC discount rate	A post tax nominal WACC of 5.9% with a range of 5.4% - 6.4% (2021: 5.9% with a range of 5.4% - 6.4%) has been applied in the valuation. The WACC discount rate used is based on professional valuation advice and is considered the best estimate of a long-term view of the market cost of capital. It includes a non-asset specific risk premium to reflect the current market environment.	The higher the nominal WACC, the lower the fair value.

A fair value assessment for the Entity was undertaken as at 30 June 2022 using the income approach methodology which determined the fair value to be $10.6B (2021: $11.1B).

Inherent uncertainty

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

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

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

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

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

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

Accounting for changes in fair value

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

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

C3-4 Depreciation

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

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

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

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

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 completed, and the asset is first put to use or installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property, plant and equipment.

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

Depreciation rates

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

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

C3-5 Capital expenditure commitments

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

	2022 $000	2021 $000
Property, plant and equipment		
Within one year	110,104	115,658
One year and no later than five years	13,451	4,099
More than five years	6	-
Total	**123,561**	**119,757**

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

2022	Land $000	Buildings $000	Infrastructure: Dams and weirs $000	Infrastructure: Water treatment plants $000	Infrastructure: Pipelines and other $000	Plant and equipment $000	Work in progress $000	Total $000
Basis of measurement	Fair value	Fair value	Fair value	Fair value	Fair value	Cost	Cost	
Fair value category	Level 2	Level 2	Level 3	Level 3	Level 3			
Amount	765,626	11,471	3,267,673	2,739,077	3,364,473	58,381	264,347	10,471,048
Less: accumulated depreciation	-	-	-	-	-	(30,779)	-	(30,779)
Carrying amount at 30 June 2022	**765,626**	**11,471**	**3,267,673**	**2,739,077**	**3,364,473**	**27,602**	**264,347**	**10,440,269**
Represented by movements in carrying amount:								
Balance at 1 July 2021	619,024	11,268	3,556,091	2,902,560	3,611,265	28,409	215,829	10,944,446
Acquisitions	-	-	-	-	-	-	154,869	154,869
Transfer between classes	15	-	8,002	80,818	9,650	7,866	(106,351)	-
Valuation increments/(decrements) to P&L	24,001	469	170	(4,508)	(89)	-	-	20,043
Valuation increments/(decrements) to equity	123,455	256	(248,964)	(107,058)	(183,276)	-	-	(415,587)
Disposal	(869)	-	-	-	-	(289)	-	(1,158)
Depreciation for the year	-	(522)	(47,626)	(132,735)	(73,077)	(8,384)	-	(262,344)
Carrying amount at 30 June 2022	**765,626**	**11,471**	**3,267,673**	**2,739,077**	**3,364,473**	**27,602**	**264,347**	**10,440,269**
Carrying amount under cost model at 30 June 2022	**509,450**	**8,315**	**1,711,241**	**1,864,210**	**3,185,986**	**27,602**	**264,347**	**7,572,217**

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			
Basis of measurement	Fair value	Fair value	Fair value	Fair value	Fair value	Cost	Cost	
Fair value category	Level 2	Level 2	Level 3	Level 3	Level 3			
Amount	619,024	11,268	3,556,091	2,902,560	3,611,265	52,712	215,829	10,968,749
Less: accumulated depreciation	-	-	-	-	-	(24,303)	-	(24,303)
Carrying amount at 30 June 2021	**619,024**	**11,268**	**3,556,091**	**2,902,560**	**3,611,265**	**28,409**	**215,829**	**10,944,446**
Represented by movements in carrying amount:								
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/(decrements)to equity	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	(224)	-	(224)
Depreciation for the year	-	(521)	(47,576)	(131,333)	(73,400)	(6,996)	-	(259,826)
Carrying amount at 30 June 2021	**619,024**	**11,268**	**3,556,091**	**2,902,560**	**3,611,265**	**28,409**	**215,829**	**10,944,446**
Carrying amount under cost model at 30 June 2021	**509,909**	**8,643**	**1,725,871**	**1,858,407**	**3,245,120**	**28,409**	**215,829**	**7,592,188**

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 $2.0M (2021: $0.7M).

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

2022	Land easements^ $000	Software purchased $000	Other intangibles $000	Software work in progress $000	Total $000
Gross	153,036	14,704	5,002	3,878	176,620
Less: accumulated amortisation	(18,418)	(10,960)	(2,286)	-	(31,664)
Carrying amount at 30 June 2022	**134,618**	**3,744**	**2,716**	**3,878**	**144,956**
Represented by movements in carrying amount:					
Balance at 1 July 2021 restated*	136,571	2,859	2,838	6,190	148,458
Acquisitions	-	-	-	645	645
Transfer between classes	10	2,947	-	(2,957)	-
Disposal	-	-	-	-	-
Amortisation for the year	(1,963)	(2,062)	(122)	-	(4,147)
Carrying amount at 30 June 2022	**134,618**	**3,744**	**2,716**	**3,878**	**144,956**

^The remaining amortisation period for land easements is 69 years.

2021 restated*	Land easements $000	Software purchased* $000	Other intangibles $000	Software work in progress* $000	Total $000
Gross*	153,026	11,979	5,002	6,190	176,197
Less: accumulated amortisation*	(16,455)	(9,120)	(2,164)	-	(27,739)
Carrying amount at 30 June 2021	**136,571**	**2,859**	**2,838**	**6,190**	**148,458**
Represented by movements in carrying amount:					
Balance at 1 July 2020 restated*	138,316	4,309	2,961	8,203	153,789
Acquisitions*	217	-	-	1,089	1,306
Transfer between classes*	-	304	-	(3,102)	(2,798)
Disposal	-	-	-	-	-
Amortisation for the year*	(1,962)	(1,754)	(123)	-	(3,839)
Carrying amount at 30 June 2021 restated	**136,571**	**2,859**	**2,838**	**6,190**	**148,458**

C5 Trade and other payables

	2022 $000	2021 $000
Current		
Trade and other payables	36,616	40,836
Total	**36,616**	**40,836**

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

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

C6 Employee benefits

	2022 $000	2021 restated* $000
Current		
Salaries and wages accrued	2,511	3,451
Liability for long service leave	12,552	11,981
Liability for annual leave	11,258	10,681
Other employee entitlements*	6,947	14,470
Total	**33,268**	**40,583**
Non-current		
Liability for long service leave	3,185	3,704
Total	**3,185**	**3,704**

Long service leave movement

	2022 $000	2021 $000
Balance at 1 July	15,685	14,272
Additional provision made	2,320	2,391
Provision utilised through payments	(1,333)	(978)
Changes in discount rate / passage of time	(935)	-
Balance at 30 June	**15,737**	**15,685**

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 101% (2021:107%) 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 was 30 June 2022.

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 12 July 2022, 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 2022.

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:

	2022 $000	2021 restated^ $000
QTC – Water grid debt	1,916,142	2,157,372
QTC – Core debt^	6,621,495	6,616,688
QTC – Long debt^	641,835	647,094
Total	**9,179,472**	**9,421,154**
Loans interest payable – current	35,342	36,571
Loans principal - current	275,205	240,278
Loans principal – non-current	8,868,925	9,144,305
Total	**9,179,472**	**9,421,154**

^Updated with the current debt facilities with QTC.

The Weighted Average Borrowing Rate for QTC borrowings as at 30 June 2022 is 4.64% (2021: 4.80%). Interest payments are made monthly in arrears at rates ranging from 4.21% to 5.00% (2021: 4.21% to 5.02%). 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 2021-22.

C7-2 Credit standby arrangement

	2022 $000	2021 $000
Drawn	-	-
Unused	200,000	200,000
Total	**200,000**	**200,000**

The credit standby facility remains fully undrawn at 30 June 2022 and is available for use in the next reporting period. The current overdraft interest rate is 0.35% (2021: 0.19%)

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.

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

2021	Carrying amount $000	Fair value $000
QTC borrowings – loans	9,421,154	11,349,479
Total	**9,421,154**	**11,349,479**

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:

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

2021 restated*	Assets $000	Liabilities $000	Net $000
Property, plant and equipment*	-	(1,269,601)	(1,269,601)
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*	5,080	-	5,080
Total deferred tax assets/(liabilities)	**1,080,727**	**(1,270,044)**	**(189,317)**

C8-2 Movement in temporary difference during the year

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

	2020 restated* $000	Recognised in profit or loss $000	Acquired in equity $000	2021 restated* $000
Property, plant and equipment*	(1,294,750)	25,149	-	(1,269,601)
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*	4,496	584	-	5,080
Total	**(182,104)**	**(7,213)**	**-**	**(189,317)**

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 2022, $77,852,282 of tax losses were utilised (2021: $101,146,761) with tax losses carried forward at 30 June 2022 amounting to $3,195 million (2021: $3,273 million). A DTA of $958 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	2022 $000	2021 $000
Current			
Unearned revenue – government grant	B1-2	11,382	11,382
Other		92	564
Total		**11,474**	**11,946**
Non-current			
Unearned revenue – government grant	B1-2	259,382	270,764
Total		**259,382**	**270,764**

C10 Right of use assets and lease liabilities

C10-1 Leases as Lessee

Right-of-use assets

	2022 $000	2021 $000
Building lease		
Opening balance at 1 July	4,715	5,308
Additions	-	-
Depreciation charge	(592)	(593)
Disposals/Derecognition	-	-
Other adjustments	-	-
Closing balance at 30 June	**4,123**	**4,715**

Lease liabilities

	2022 $000	2021 $000
Current		
Lease liabilities	489	435
Non-current		
Lease liabilities	4,252	4,741
Total	**4,741**	**5,176**

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.

	2022 $000	2021 $000
(i) Amount recognised in profit or loss		
Interest expense on lease liabilities	280	301
Expenses relating to office accommodation with QLD Government	2,792	2,792
Expenses relating to leasehold lands	23	17
(ii) Total cash outflow for leases	716	686

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.

	2022 $000	2021 $000
Less than one year	826	808
Between one and five years	1,471	1,525
More than five years	8,288	8,609
Total	**10,585**	**10,942**

C11 Asset revaluation surplus by asset class

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

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	-	-	-	-
Balance at 30 June 2021	**108,422**	**3,968**	**2,643,498**	**2,755,888**

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	2022 $000	2021 $000
Financial assets			
Cash and cash equivalents	C1	318,386	473,016
Trade and other receivables	C2	148,263	147,615
Total		**466,649**	**620,631**
Financial liabilities			
Trade and other payables	C5	36,616	40,836
Interest bearing liabilities – QTC borrowing	C7	9,179,472	9,421,154
Total		**9,216,088**	**9,461,990**

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	2022 $000	2021 $000
Financial liabilities			
Guarantee	D2	735	705
Total		**735**	**705**

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.

79% (2021: 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.

2022	Payable in			Total $000
	<1 year $000	1-5 years $000	>5 years $000	
Financial liabilities				
QTC borrowings - loans	694,779	2,774,943	7,630,642	11,100,364
Trade and other payables	36,616	-	-	36,616
Total	**731,395**	**2,774,943**	**7,630,642**	**11,136,980**

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

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.

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

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)
Overall effect on profit and equity		**(1,493)**	**(1,493)**	**1,891**	**1,891**

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 2022 is $0 (2021: $0).

	Notes	2022 $000	2021 restated* $000
Total borrowings	C7	9,179,472	9,421,154
Total assets (excluding cash and cash equivalents)*		10,755,904	11,261,769
Gearing ratio		**85%**	**84%**

D2 Contingencies

Insurance claims

The Entity has the following insurance claims in progress as at 30 June 2022:

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

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.

The estimated cost of rectification is based on a significant volume of historical data from a number of different sources, involves a high degree of complexity, interpretation, judgement, estimation and remains subject to further analysis by the Entity.

Financial guarantees and associated credit risk

	2022 $000	2021 $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 Sandhurst Trustees Ltd, in relation to the lease premises at 200 Creek Street, Brisbane	524,988	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
Total	**734,988**	**704,851**

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 2022, the following cases were filed in the courts naming the Entity as defendant:

- 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 of damages for personal injury allegedly incurred by a person carrying out works for a contractor engaged on the Leslie Harrison Dam Upgrade Project.

As at 30 June 2022, 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 2022, the Entity has joined six native title claims as a respondent in areas with Entity assets.

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

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

Accounting standards applied for the first time

No new accounting standards or interpretations that apply to the Entity for the first time in 2021-22 had any material impact on the financial statements.

Following the issuance of IFRIC's agenda decision on Configuration or Customisation Costs in a Cloud Computing Arrangement in April 2021, the Entity has changed its accounting policy for certain cloud computing and software-as-a service (SaaS) cost. The effects of this change are detailed in Note D3-1 below.

Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2021-22.

D3-1 Configuration or customisation costs in a cloud computing arrangement

Summary of change in accounting policy

The Entity changed its accounting policies in 2021-22 after completing a full analysis of the Entity's previously capitalised software in response to the IFRIC agenda decision released in March 2021.

The Entity's new accounting policy now considers where the software code resides, whether it is identifiable and whether the Entity has the power to both obtain economic benefits from the software and restrict the access of others to those benefits. Configuration or customisation costs that do not qualify for recognition as an intangible asset are further assessed as to the appropriate timing of expense recognition, using the following criteria:

- Where the configuration or customisation is considered a distinct (i.e. separately identifiable) service from the subsequent access to the cloud software, the costs are expensed when the configuration or customisation services are received. This is typically the case when the vendor providing the services is different from the vendor providing access to the software.
- Where the configuration or customisation is not a distinct service from the Entity's right to access the software, the costs are expensed over the period of access on a straight-line basis. A prepayment asset is recognised when the payment is made upfront. This is usually the case when the same vendor is providing both the configuration or customisation services and the access to the cloud software.

Any software that qualifies as an intangible asset is recognised are accounted for in accordance with the Entity's existing accounting policies on software assets in C4-4, which have not changed.

The changes have been applied retrospectively with an adjustment of comparative opening balance at 1 July 2020. However, a separate statement of financial position as at 1 July 2020 is not provided because the overall impact of these changes is not considered material.

Impact of changes

As a result of the change in accounting policy, $4.6m of capitalised software intangible assets as at 1 July 2020 have been expensed through opening accumulated surplus, with a $1.1m reduction in 2020-21's reported amortisation expense. A further $0.2m SaaS development costs have been reclassified as supplies and services expense in 2020-21. In the Statement of Cash Flows, payments for capitalised configuration and customisation costs in 2020-21 reported as "Payment for intangibles" have been reclassified to "Payments to suppliers and employees" under cash outflows from operating activities.

The net impacts are summarised in the table below:

Balance Sheet (Extract)	As previously stated 1 July 2020 $000	Increase/(decrease) $000	Restated 1 July 2020 $000
Non-current assets - Intangibles	158,399	(4,610)	153,789
Non-current liabilities - Deferred tax liabilities	185,089	(1,383)	183,706
Net assets	1,745,640	(3,227)	1,742,413
Accumulated deficit	(294,360)	(3,227)	(297,587)
Total equity	1,745,640	(3,227)	1,742,413

Statement of Comprehensive Income (Extract)	As previously stated 30 June 2021 $000	Increase/(decrease) $000	Restated 30 June 2021 $000
Expenses – Supplies and services	175,905	287	176,192
Expenses – Depreciation and amortisation	265,312	(1,055)	264,257
Total operating expenses	1,019,400	(768)	1,018,632
Operating result before income tax	19,795	768	20,563
Income tax expense	7,199	230	7,429
Operating profit	12,596	539	13,134

Balance Sheet (Extract)	As previously stated 30 June 2021 $000	Increase/(decrease) $000	Restated 30 June 2021 $000
Non-current assets - Intangibles	152,300	(3,842)	148,458
Non-current liabilities - Deferred tax liabilities	192,288	(1,153)	191,135
Net assets	1,758,236	(2,689)	1,755,547
Accumulated deficit	(281,764)	(2,689)	(284,453)
Total equity	1,758,236	(2,689)	1,755,547

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.

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 Trade and Investment and the Hon. Glenn Butcher MP, Minister for Regional Development and Manufacturing and Minster for Water, commenced on the 19 November 2020.

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

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

The following details for non-Ministerial KMP reflect those positions that had authority and responsibility for planning, directing and controlling the activities of the Entity during 2021-22. 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:

	2022		2021	
	Salary and fees $	Superannuation contribution $	Salary and fees $	Superannuation contribution $
David Hamill	113,500	11,397	113,500	10,830
Penny Tovey	57,500	5,774	57,208	5,459
Marita Corbett	63,252	-	62,963	-
John McEvoy	57,500	5,774	42,419	4,054
Catherine Mickel	54,000	5,423	39,992	3,822
Gail Ker	59,400	-	43,791	-
Shane McGrath	-	-	13,250	1,259
Total	**405,152**	**28,368**	**373,123**	**25,424**

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.
S McGrath appointed as Member of the Board on 5 January 2018, his appointment ended on 30 September 2020.

Key executive management personnel

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

Key executive management remuneration policies

Remuneration policy for the Entity's key executive management is managed by the Board 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.

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

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, left on 23 November 2021.
M Hutchens appointed as GM on 11 April 2022.
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.

	1 July 2020 – 30 June 2021					
	Short-term employee expenses		Long-term employee expenses* $	Post employment expenses $	Termination benefits $	Total expenses $
	Monetary expenses $	Non-monetary expenses $				
Position						
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
Total	**2,795,855**	**-**	**68,292**	**259,199**	**-**	**3,123,346**

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

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 2021-22 year are yet to be determined by the Board. No performance bonus was approved by the Board for the 2020-21 year in line with the Queensland Government guidelines.

	Performance bonuses $	Payment date
Performance payments during 2021-22 with respect to 2020-21 year	-	N/A
Performance payments during 2020-21 with respect to 2019-20 year	-	N/A

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 $451,923 (2021: $125,878), and commitment at reporting date is $491,167 (2021: $429,174). Ms Corbett has no involvement in the provision of these services.

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

Transactions and outstanding balance with State of Queensland controlled entities

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

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

- QTC, a Queensland Government owned corporation, provided loan debt funding to the Entity under normal commercial terms and conditions, refer to Note C7.
- QCA - investigation and recommendation on the price practices as per the Minister's Referral Notice, total amount paid for the bulk water price review in 2021-22 is $1,992,000 (2021: $0) and nil commitment at reporting date;
- Department of State Development, Infrastructure, Local Government & Planning - management of acquisition of land and easements along pipeline corridor, no activity during 2021-22 (2021: $10,357) and nil commitment at reporting date;
- Department of Energy and Public Works – Lease of premise, total amount paid $3,637,473 (2021: $3,641,122), and commitment at reporting date is $296,940;
- 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 acknowledging the Entity's Climate Change Adaptation Strategy and the Queensland Government Climate Transition Strategy, Climate Action Plan 2030 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 notes the most up to date, relevant climate change projections applying to operations and operating environments (currently Queensland Department of Environment and Science's future climate projections).

In alignment with the Queensland Climate Transition Strategy and Built Environment and Infrastructure Sector Adaptation Plan, the Entity considers specific financial impacts relating to climate related risks by identifying and monitoring material accounting judgements and estimates used in preparing the financial report. This includes the potential for changes in operations and cashflow, changes in the fair value of assets, and financing.

Operations and cashflow

The Entity's Climate 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 2022 the drought overlay probability is 0% (2021: 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 assumed to be met via the pricing recovery mechanisms of the regulatory framework.

Management certificate for year ended 30 June 2022

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 2022 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	Neil Brennan	Mike Hutchens
Chairman	Chief Executive Officer	General Manager Corporate Services
Signature	Signature	Signature
7 Sep, 2022 7:11 PM	7 Sep, 2022 6:08 PM	7 Sep, 2022 5:45 PM
Date	Date	Date

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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 2022, 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 2022, 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.

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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
Management has estimated the fair value of the entity's infrastructure assets to be $9.4 billion as at 30 June 2022. The fair value measurement is based on an estimation of future cash flows discounted to a present value. The valuations are dependent on certain key assumptions that require significant management judgement including the following in respect of: • demand: estimation of long term population growth and consumption rates • discount rate: a nominal post-tax discount rate reflecting what a market participant would use • capital expenditure: estimating future capital required to meet demand, comply with legislative obligations and maintain service levels • bulk water pricing: uncertainty of price structure post 2028 and the use of weighted pricing scenarios • terminal value: a projected regulatory asset base value to compute the terminal value.	My procedures included, but were not limited to: • obtaining an understanding of the discounted cash flow model, and assessing its design, integrity and appropriateness with reference to common industry practices • checking, on a sample basis, the accuracy and relevance of the input data used, including by reconciling input data to supporting evidence such as approved budgets • assessing the reasonableness of cash flow forecasts and terminal value estimates relative to the regulator-approved determination, board approved budgets, historical growth trends, long-term asset management plans and other relevant internal and external evidence. The reasonableness of board approved budgets was assessed with reference to their historical accuracy and the budget preparation process • evaluating whether the discount rate applied was within a reasonable range, with reference to market data and industry research • challenging the reasonableness of key assumptions based on our knowledge of the entity and industry • performing a sensitivity analysis to assist in considering the potential impact of reasonably possible changes (downside/upside) in these key assumptions • verifying the mathematical accuracy of the net present value calculations.

Useful lives estimated for depreciation expense

Refer to Note C3-4 of the financial statements.

Key audit matter	How my audit addressed the key audit matter
The straight-line depreciation method used required significant judgements for: • identifying the significant parts of infrastructure that have different useful lives • forecasting the remaining useful lives of those significant parts.	My procedures included, but were not limited to: • evaluating management's approach for identifying the parts of infrastructure that have different useful lives, having regard to recent replacement projects and long-term asset management plans • evaluating remaining useful life estimates for reasonableness with reference to management's documented assessments, historical disposal rates, condition assessments for older assets, and long-term asset management plans and budgets.

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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 2022:

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 authority's transactions and account balances to enable the preparation of a true and fair financial report.

7 September 2022

Vaughan Stemmett
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Annual report requirements for Queensland Government agencies compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	Letter of Compliance, page 1
Accessibility	• Table of contents	ARRs – section 9.1	Page 3
	• Glossary		Page 79
	• Public availability	ARRs – section 9.2	About this report, page 2
	• Interpreter service statement	Queensland Government Language Services Policy ARRs – section 9.3	Translation and interpreting assistance, page 2
	• Copyright notice	*Copyright Act 1968* ARRs – section 9.4	Copyright notice, page 2
	• Information Licensing	QGEA – Information Licensing ARRs – section 9.5	N/A
General information	• Introductory Information	ARRs – section 10	Chief Executive Officer report, page 6
Non-financial performance	• Government's objectives for the community and whole-of-government plans/specific initiatives	ARRs – section 11.1	Commitment to Queensland Government objectives, page 4
	• Agency objectives and performance indicators	ARRs – section 11.2	Delivering on strategy, page 9
	• Agency service areas and service standards	ARRs – section 11.3	About Seqwater, page 4
Financial performance	• Summary of financial performance	ARRs – section 12.1	Financial Performance, page 8
Governance – management and structure	• Organisational structure	ARRs – section 13.1	Organisational Structure, page 14
	• Executive management	ARRs – section 13.2	Executive Management, pages 19-21
	• Government bodies (statutory bodies and other entities)	ARRs – section 13.3	Government body, page 15
	• *Public Sector Ethics Act 1994*	Public Sector Ethics Act 1994 ARRs – section 13.4	Public sector ethics, page 21
	• *Human Rights Act 2019*	ARRs – section 13.5	Human rights, page 21
	• Queensland public service values	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	Risk management and accountability, page 22
	• Audit committee	ARRs – section 14.2	Corporate Governance Statement, Section 3.3
	• Internal audit	ARRs – section 14.3	Internal audit, page 22
	• External scrutiny	ARRs – section 14.4	External scrutiny, page 22
	• Information systems and recordkeeping	ARRs – section 14.5	Information systems, page 22
	• Information security attestation	ARRs – section 14.6	Corporate Governance Statement, section 9
Governance – human resources	• Workforce planning and performance	ARRs – section 15.1	Workforce profile, page 23
	• 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 23
	• Consultancies	ARRs – section 33.1	Consultancies, page 23
	• Overseas travel	ARRs – section 33.2	Overseas travel, page 23
	• 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 72
	• Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	Page 73

Glossary

AASB	Australian Accounting Standards Board
ACS	Access Community Services
ARR	Annual Report Requirements for Queensland Government Agencies
APA	Australian Physiotherapy Association
ATO	Australian Taxation Office
AWA	Australian Water Association
BDO	BDO Services Pty Ltd
CEO	Chief Executive Officer
COO	Chief Operating Officer
CPI	Consumer Price Index
CSO	Community Service Obligation
Dr	Doctor
DTA	Deferred Tax Asset
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
FAA	*Financial Accountability Act 2009*
FFO	Funds from Operations
FPMS	*Financial and Performance Management Standard 2019*
FTE	Full Time Equivalent
GC	General Counsel
GM	General Manager
GST	Goods and services tax
Hon.	Honourable
IFRIC	International Financial Reporting Interpretations Committee
ICT	Information Communication Technology
ISO	International Organization for Standardization
KMP	Key Management Personnel
KPI	Key Performance Indicator
LGBTIQ+	Lesbian, gay, bisexual, transgender, intersex or questioning
Ltd	Limited
LTIFR	Lost Time Injury Frequency Rate
M	Million
MAR	Maximum allowed revenue
ML	Megalitres (Million litres)
MP	Member of Parliament
NAIDOC	National Aborigines and Islanders Day Observance Committee
NPAT	Net Profit After Tax
NTER	National Tax Equivalent Regime
Pty Ltd	Proprietary Limited
QAO	Queensland Audit Office
QCA	Queensland Competition Authority
Qld	Queensland
QGEA	Queensland Government Enterprise Architecture
QTC	Queensland Treasury Corporation
SBFA Act	*Statutory Bodies Financial Arrangements Act 1982*
SEQ	South East Queensland
WACC	Weighted Average Cost of Capital
WSAA	Water Services Association of Australia

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