



UrbanUtilities

**ENRICHING  
QUALITY OF LIFE**

2020/21 ANNUAL REPORT



# OUR STRATEGIC DIRECTION

---

## OUR PURPOSE

Enrich quality of life.

---

## OUR VISION

We play a valued role in enhancing the liveability of our communities.

---

## OUR VALUES

### Participation

Activate. Collaborate. Accelerate.

### Customers and Community

Listen. Understand. Respond.

### Accountability

See it. Own it. Solve it.

### Safety

Everyone. Everywhere. Every day.

### Deliver Value

Define it. Create it. Deliver it.

### Creativity

Initiate. Create. Inspire.

---

# WELCOME

We are pleased to present Urban Utilities' Annual Report for 2020/21.

This report provides an overview of our performance between 1 July 2020 and 30 June 2021 and documents our progress against our shareholder-approved strategic direction.

Our integrated corporate reporting approach sees us bring together material information about our operating environment, business strategy, governance, and financial and non-financial performance to demonstrate how we deliver value for our customers and shareholders.

This report has been prepared in accordance with the *Annual report requirements for Queensland Government agencies*, issued by the Queensland Government in June 2021.

The letter of compliance and the compliance checklist can be found on pages 183 and 184.

## READERSHIP

The annual report is intended to provide comprehensive information to a broad range of stakeholders including: our customers, our shareholders, current and future team members, government departments and agencies, non-government organisations and our partners.

## INTERPRETER SERVICE STATEMENT

We are committed to providing accessible services to our customers and stakeholders from culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, please contact us on 13 14 50 and we will arrange an interpreter to communicate the report to you effectively.

当您需口译员时，请致电 13 14 50。

اتصل على الرقم 13 14 50 عندما تكون بحاجة إلى مترجم فوري.

Khi bạn cần thông ngôn, xin gọi số 13 14 50

통역사가 필요하시면 13 14 50 으로 연락하십시오

Cuando necesite un intérprete llame al 13 14 50

## TELL US WHAT YOU THINK ABOUT THIS REPORT

### Visit us at our Head Office:

Level 2, 15 Green Square Close  
Fortitude Valley QLD 4006  
Monday to Friday 8am – 5pm (Dependant on COVID-19 restrictions)

### Phone us on:

13 26 57 (8am – 6pm weekdays)

### Email us at:

customerservice@urbanutilities.com.au

## ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the Traditional Owners of the lands on which we operate and recognise their continuing connection to land, waters and community. We pay our respects to them and their cultures, and to elders both past and present.

## ACCESSING THIS REPORT

This report is available on our website at [urbanutilities.com.au](http://urbanutilities.com.au)

## BRINGING OUR REPORT TO LIFE

Want to see some of our annual report content in action?

Check out the Urban Utilities YouTube site by scanning the QR code.



SCAN ME

ISSN: 1838-5575 © Urban Utilities 2020

# CONTENTS

## ABOUT THIS REPORT

A message from our Chair

A message from our CEO

## CHAPTER 1: ABOUT US

Where we operate

Our proud history

Our stakeholders

Our strategic direction

A snapshot of our business in 2020/21

## CHAPTER 2: YEAR IN REVIEW

Awards and recognition

Our response to COVID-19

Celebrating 10 years of Urban Utilities

Performance snapshot

Where your \$100 went

Our investment in infrastructure

Calendar of events

## CHAPTER 3: PERFORMANCE AGAINST STRATEGIC DIRECTION

Strategic Goal 1: Constructive Culture

Strategic Goal 2: Foundational Success

Strategic Goal 3: Environmental Leadership

Strategic Goal 4: Social & Economic Value

Delivery of Strategic Projects

## CHAPTER 4: CORPORATE GOVERNANCE

6

7

8

8

9

10

11

12

13

14

15

16

17

18

19

21

22

24

34

60

66

72

Our governance structure

Our shareholders

Our Board

Our Board committees

Our Executive Leadership Team

Our Executive Advisory Groups

Our plan for the future

Our controls and assurance

Accountability and transparency

Other disclosures

## CHAPTER 5: FINANCIAL PERFORMANCE

Chief Financial Officer's summary

Guide to our Financial Statements

Audited Financial Statements

## APPENDICES

Compliance letter to Minister

Compliance checklist

Glossary

Index

76

77

78

79

82

84

87

88

93

96

97

98

98

104

106

183

183

184

185

186

---

## A MESSAGE FROM OUR CHAIR

### Celebrating 10 years of Urban Utilities

In 2020/21, we celebrated Urban Utilities' tenth birthday by proudly reflecting on the numerous achievements over the years, noting that these successes often came in the face of various obstacles, including droughts, fires, devastating floods and, of course, COVID-19.

Collectively, these experiences helped shape us into the resilient, customer-centric and innovative organisation we are today. Turn to page 16 to read more about Urban Utilities' evolution over the past decade.

### Supporting our customers through COVID-19

During the past year, the world continued to feel the effects of COVID-19. From a financial perspective, Urban Utilities fared better than forecast. However, as the pandemic continues and economic uncertainty persists, we remain committed to being a lean and sustainable business for the benefit of our customers and shareholders. This commitment is demonstrated by the actual and planned delivery of various transformational projects to improve our operational efficiency and reduce operating expenditure (see page 72).

To help ease the financial burden on our customers, we held water and sewerage prices constant for an additional six months and continued to offer our UrbanAssist program, which, to date, has provided over \$10 million in financial relief to customers impacted by COVID-19.

### Protecting the region's drinking water supply

As at 30 June 2021, South East Queensland found itself in the voluntary conservation stage of active drought response. With a changing climate and growing population, we are acutely aware of the need to provide climate-independent water sources for our customers and communities. One of these valuable sources is recycled water, and over the past year we delivered 6.9 billion litres for both our own use and for business and industry (see page 63).

In addition, we continued to deliver infrastructure upgrades to improve our long-term water security and worked closely with Seqwater, our shareholders and other peak industry bodies to explore a diversified portfolio of water supply options to meet the region's water security needs well into the future.

### Investing in the growth of our communities

As we continue to manage the impacts of population growth, ageing infrastructure, climate change and changing user expectations, it is imperative that we maintain, enhance and expand on our existing asset base.

Over the past year, we invested in \$342 million in new and upgraded infrastructure across our service territory, to support our goal of sustainable, reliable and affordable services for generations to come.

### Acknowledgements

On behalf of the Board, I convey my appreciation to our shareholders for their ongoing support. I would also like to sincerely thank my Board colleagues and CEO Louise Dudley for their ongoing commitment to deliver on our purpose and vision. This year, we farewelled Board Member Bruce Leslie, whose term concluded on 30 June 2021. I thank Bruce for his dedication to Urban Utilities and his valuable contribution at both Board and Committee level.



**Bronwyn Morris AM**  
Chair

---

## A MESSAGE FROM OUR CEO

### **Simplifying the customer billing experience**

As part of our Billing Transformation journey, we continued to deliver significant programs of work to improve the customer billing experience.

Our Simpler Billing program changes fixed-service charges from being billed in advance to in arrears and shortens the time between when a customer's meter is read and when their bill arrives. This makes it easier for our customers to track their water usage and understand the charges on their quarterly bill.

Meanwhile, our Simpler Pricing program will see our tariffs simplified and streamlined, meaning they will be more equitable, applied consistently across our service regions and easier to understand. You can read more about our Billing Transformation journey on page 54.

### **Transforming our approach to capital investment and asset management**

In June 2021, we achieved full implementation of our Program Management Approach (PMA). This contemporary and collaborative multi-year program management delivery model has vastly improved the foundation of our investment decisions and is seeing us deliver the right projects at the right time for the benefit of our customers and communities (see page 48).

We also implemented our Enterprise Asset Management System, which was our most significant digital transformation to date. The new system is already providing uplift in the management and support of our assets, supply chain, mobile workforce and financial transactions, and is empowering our people to make more informed decisions.

### **Reimagining the future of Urban Utilities**

This year, we made considerable progress on our new Target Operating Model (TOM) – an all-encompassing, transformational program that considers five enterprise themes: Ways of Working; Processes; People, Capability & Structure; Data & Digital; and Governance & Measures (see our TOM achievements on page 46).

What is essentially a blueprint for how our business will operate in the future, the TOM program will enable effective delivery of our 2024 Statement of Strategic Intent and ensure we remain relevant in this ever-changing environment.

### **Treating our wastewater with anammox superbugs**

Demonstrating our commitment to innovation, we became the first water utility in Australia to use anammox bugs to naturally treat wastewater. These unique microorganisms feast on the ammonium and nitrogen in sewage, meaning we use less electricity and fewer chemicals in the treatment process. Turn to page 47 to read more about this environmentally sustainable process.

### **Acknowledgments**

I extend my sincere thanks to the Board, the Executive Leadership Team and every Urban Utilities team member for their respective contributions this year. Despite the disruption and uncertainty experienced throughout the year, our people preserved Urban Utilities' high standard of customer service and operational excellence, which is a testament to their dedication, agility and commitment to our purpose: to enrich quality of life.



**Louise Dudley**  
Chief Executive Officer

# CHAPTER I: ABOUT US

---

When it comes to delivering water and sewerage services, there's a lot that goes on behind the scenes – and under the ground.

On 1 July 2010, the Central SEQ Distributor-Retailer Authority, trading as Queensland Urban Utilities, was established as a statutory body under the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009* and a service provider under the *Water Supply (Safety and Reliability) Act 2008*.

Our shareholders are the councils of Brisbane, Ipswich, Lockyer Valley, Scenic Rim and Somerset, and we are governed by an independent Board (see page 79). We operate in a unique environment where we serve the same customers and communities as our shareholders.

We are responsible for delivering drinking water, recycled water and sewerage services to 621,000 residential properties and 37,000 commercial properties in South East Queensland – that's over 1.5 million customers.

We deliver these services via our \$6.3 billion infrastructure network, the components of which can be seen on page 35.

To enable our core services, we undertake a number of related functions, including:

- future services planning,
- asset planning and management,
- water meter management and billing,
- development assessments and approvals,
- waste management (including trade waste), and
- research and development.

We also operate the Scientific Analytical Services Laboratory, which is responsible for providing water sampling services and chemical and microbiological analysis to a range of industries. You can find out more at [saslaboratory.com.au](http://saslaboratory.com.au)

## WHERE WE OPERATE

---

Our 14,384km<sup>2</sup> geographic area is made up of five local government areas: Brisbane, Ipswich, Lockyer Valley, Scenic Rim and Somerset.



# OUR PROUD HISTORY

---

## 1863

The *Brisbane Water Works Act* was introduced to bring order and improvement to the quality of South East Queensland's metropolitan water supply.

---

## 1866

The Enoggera Dam was constructed – the foundation of Brisbane's first safe water supply scheme.

---

## 1878

Ipswich Municipal Council became the first council in the state to manage a government-built water supply.

---

## 1890

Construction began on the Mount Crosby pumping station, reservoir, and pipeline. This was an important step to help solve Brisbane's limited water supply problem.

---

## 1920

Sewering of the Brisbane metropolitan district commenced – the first sewer system with true environmental credentials.

---

## 1928

The Metropolitan Water Supply and Sewerage Board was dissolved and the water supply system was transferred to Brisbane City Council.

---

## 1930

Water services were established in the Lockyer Valley, Scenic Rim and Somerset. Sewering commenced in Ipswich CBD.

---

---

## 1959

Construction of Somerset Dam was completed.

---

## 1984

Construction of Wivenhoe Dam was completed.

---

## 1990

Brisbane City Council introduced its first integrated data and telemetry system to control all of its water and sewerage assets via computer.

---

## 2000

South East Queensland endured its worst drought in recorded history.

---

## 2010

The water and sewerage business units of five councils were amalgamated and Queensland Urban Utilities was formed.

---

## 2014

Distributor-retailers in South East Queensland became responsible for the connection, disconnection and alteration to water and sewerage networks.

---

## 2019

Combined capacity of the SEQ Water Grid fell below 60% for the first time in 11 years. In response, Seqwater enacted the region's Drought Response Plan.

---

## NOW AND INTO THE FUTURE

The water and sewerage industry will continue to innovate and enrich quality of life.

# OUR STAKEHOLDERS

As a water and sewerage service provider, the important work we do has the ability to directly and indirectly impact a wide range of external stakeholders. Equally, external activities, such as policy changes and local planning decisions, can influence our activities and the way we work. To help prioritise material topics and better address our stakeholders' needs, we engage with them through a wide range of forums.

How we engaged with our stakeholders		
Stakeholders	Key interest areas	How we engaged
<b>Customers and Communities</b>	<ul style="list-style-type: none"> <li>• Water and sewerage prices</li> <li>• Public health</li> <li>• Customer service</li> <li>• Environmental impact</li> <li>• Billing</li> <li>• Financial hardship</li> <li>• Community relations</li> <li>• Corporate and charitable support</li> <li>• Capital works and infrastructure maintenance</li> </ul>	<ul style="list-style-type: none"> <li>• Contact Centre</li> <li>• Customer and Community Reference Group</li> <li>• Printed collateral</li> <li>• Website</li> <li>• Traditional and social media</li> <li>• Events</li> <li>• Focus groups</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Strategic direction</li> <li>• Business performance</li> <li>• Economic development</li> <li>• Research and development</li> <li>• Service and infrastructure delivery</li> <li>• Financial performance</li> </ul>	<ul style="list-style-type: none"> <li>• Proactive and reactive shareholder relations</li> <li>• Performance reports</li> <li>• Shareholder satisfaction survey</li> <li>• Regional Board meetings and tours</li> <li>• Chair communication (monthly)</li> <li>• Special General Meeting (annual)</li> <li>• Water Netserv Plan</li> </ul>
<b>Department of Natural Resources &amp; Energy + other QLD government regulators</b>	<ul style="list-style-type: none"> <li>• Legislative compliance</li> <li>• Public health</li> <li>• Environmental management</li> <li>• Financial management</li> <li>• Sustainable policy and legislation</li> <li>• Economic development</li> </ul>	<ul style="list-style-type: none"> <li>• Executive meetings</li> <li>• Relationship management</li> <li>• Advocacy groups</li> <li>• Steering and working committees</li> </ul>
<b>Seqwater</b>	<ul style="list-style-type: none"> <li>• Water security &amp; water quality</li> <li>• Bulk water supply</li> </ul>	<ul style="list-style-type: none"> <li>• Operational meetings</li> <li>• Regional planning</li> </ul>
<b>Developers</b>	<ul style="list-style-type: none"> <li>• Customer service</li> <li>• Research and development</li> <li>• Infrastructure delivery</li> <li>• Economic development</li> <li>• Technical standards &amp; planning policy</li> </ul>	<ul style="list-style-type: none"> <li>• Relationship management</li> <li>• Industry forums</li> <li>• Dedicated website portal</li> </ul>
<b>Partners</b>	<ul style="list-style-type: none"> <li>• Collaborative opportunities</li> <li>• Research and development</li> <li>• Sponsorship</li> <li>• Knowledge sharing</li> </ul>	<ul style="list-style-type: none"> <li>• Forums and events</li> <li>• Site and facility tours</li> <li>• Working group membership</li> <li>• Workshops and meetings</li> <li>• Research partnerships</li> </ul>
<b>Suppliers and Contractors</b>	<ul style="list-style-type: none"> <li>• Fairness, equity and transparency in awarding work</li> <li>• Forward visibility of work</li> <li>• On-time payment of invoices</li> <li>• Fairness in dealing with unforeseen circumstances</li> <li>• Compliance with contracts</li> <li>• Modern slavery</li> </ul>	<ul style="list-style-type: none"> <li>• Contract management meetings</li> <li>• Site visits and audits</li> <li>• Variation management</li> <li>• Tenders and expressions of interest</li> </ul>

# OUR STRATEGIC DIRECTION

---

Our strategic direction outlines where we want to be and how we plan to get there.

## OUR PURPOSE

Enrich quality of life.

## OUR VISION

We play a valued role in enhancing the liveability of our communities.

## OUR STRATEGIC STATEMENT

Our strategic direction is underpinned by our commitment to customer-centricity and value creation; every decision we make is considered through the lens of our customer and the value it delivers. As we build on our solid foundations and our constructive culture, we will pursue growth through the development of partnerships that deliver environmental, economic and social benefits. These outcomes will be valued by our customers, communities and shareholders, and enhance the health and amenity of our region.

## OUR STRATEGIC GOALS

Our strategic goals are our “big picture” objectives for the business. They drive our priority setting, resource allocation, capability requirements and budgeting activities.

### CONSTRUCTIVE CULTURE

We inspire, create and sustain a constructive culture to deliver high performance.

### FOUNDATIONAL SUCCESS

We know our business, we know our customers and we deliver value for both.

### ENVIRONMENTAL LEADERSHIP

We protect and enhance our environment for current and future generations through excellence in water cycle management.

### SOCIAL & ECONOMIC VALUE

We advance the wellbeing and prosperity of society by leveraging our unique capabilities.

# A SNAPSHOT OF OUR BUSINESS IN 2020/21

---

**1.5 million** customers

---

---

**14,000** new connections for development

---

---

**134,456 ML** of drinking water supplied

---

---

**\$245 million** total return to shareholders

---

---

**127,094 ML** of sewage collected,  
transported and treated

---

---

**2,720** Water Approval applications  
processed

---

---

**6,930 ML** of recycled water supplied

---

---

**116,000** drinking water quality tests

---

---

**\$342 million** invested in infrastructure

---

---

**33,800** followers on social media

---

---

**\$6.3 billion** asset base

---

---

**2.4 million** water meter readings

---

---

**\$10 million** in financial support for  
customers impacted by COVID-19

---

---

**\$630,000+** invested in community events  
and programs

---

---

**100%** of customer service standards achieved

---

---

**13,690 MWh** generated from waste

---

## CHAPTER 2: YEAR IN REVIEW

---

This year, as we settled into our 'new normal' way of operating, we continued to deliver innovative, sustainable and cost-effective outcomes for our customers and communities, but not without being tested by a handful of challenges.

In 2020/21, we continued to feel the uncertainty and disruption of the COVID-19 crisis. In this constantly evolving situation, we, again, found ourselves in uncharted territory, as we began guiding our people back into a more flexible workplace, amidst the challenge of intermittent lockdown restrictions.

We also saw fluctuating dam levels and experienced the looming threat of water restrictions across the region, keeping the topic of water security at the top of our agenda.

Despite these challenges, the year was rewarding, illuminating and transformative, particularly as we effected positive changes as part of our new Target Operating Model and reflected on how far we have come since our formation 10 years ago.

This chapter provides an overview of the year that was. It includes pieces on our response to COVID-19 and our 10-year anniversary, as well as a snapshot of our performance against our four strategic goals. It also includes a list of our awards, an easy-to-understand breakdown of our financial activity, and an outline of our events calendar.

For more detailed information on our performance against our strategic direction, refer to Chapter 3 (page 22). An in-depth look at our 2020/21 financial performance can be seen in Chapter 5 (page 98).

# AWARDS AND RECOGNITION

---

## WINNER

### **2021 Water Industry Operators Association of Australia Award**

- Queensland Operator of the Year, Shane Bambrick (Service Delivery)

### **2020 Digital Utility Awards**

- Digital Utility (Water) of the Year for our ambitious and holistic Digital Strategy

### **2020 PRIA Golden Target Award for our Bathroom Beats water-saving campaign**

- National Campaign of the Year
- Best Experiential Campaign
- Best Small Budget Campaign
- Best Integrated Campaign

### **2020 Australian Water Association (Queensland) Water Awards**

- Research and Development Excellence Award for our collaborative work on the Zero-Energy Sewage Treatment project
- Water Industry Safety Excellence Award for our collaborative work with Utilita

## FINALIST

### **2020 PRIA Golden Target Award**

- Crisis and Issues Management category for our communications during a high-profile sewer main break.

### **2021 Australian Water Association (National) Awards**

- Research and Development Excellence Award for our collaborative work on the Zero-Energy Sewage Treatment project
- Water Industry Safety Excellence Award for our collaborative work with Utilita

## RUNNER UP

### **2020 Urban Development Institute of Australia (Queensland) Awards**

- Diversity in Development Award for demonstrating diversity and inclusion in our workplace

## HIGHLY COMMENDED

### **2020 Australian Water Association (Queensland) Water Awards**

- Infrastructure Project Innovation Award for our Virtual Assist platform

# OUR RESPONSE TO COVID-19

---

Since March 2020, our attention on the COVID-19 crisis has been unwavering. Not only has the pandemic tested and proven our resilience and agility as a business, it has also highlighted the dedication, professionalism and camaraderie of our people. This year, in response to COVID-19, we continued to deliver beneficial outcomes for our people, our customers and the broader community, as exemplified below.

## PROTECTING PUBLIC HEALTH

Throughout the pandemic, we continued to manage and maintain our vast infrastructure network to ensure the ongoing provision of reliable water and sewerage services. With clean water and sanitation playing a vital role in the containment of the disease, COVID-19 has underscored the value of the services we work so hard to deliver.

Further highlighting the critical role we play in protecting public health, Urban Utilities was proud to support the CSIRO and University of Queensland by providing laboratory collection and wastewater samples to identify fragments of SARS-CoV-2 (the virus that causes COVID-19) in wastewater across our region. The findings from these samples continue to be used to guide the Queensland Government's public health decisions (see page 55).

## TRANSITIONING TO OUR NEW NORMAL

Between June 2020 and November 2020, we rolled out our five-phase COVID-19 Transition Roadmap, which saw our office-based workforce gradually return to their 'new normal' working arrangements (see page 30).

Based on the feedback we received from the COVID-19 Leader Survey and COVID-19 Employee Feedback Survey, it was clear that the ability to work more flexibly benefited both employee health and wellbeing and our business performance. To maintain these benefits, we made the decision to permanently adopt a predominately hybrid model of working, giving our office-based people the freedom to divide their work week between their home and the office.

## SUPPORTING OUR CUSTOMERS

Cognisant of the widespread financial impacts of COVID-19, we implemented a number of measures to help ease the burden across our customer segments. For example, we:

- Announced a six-month freeze on water and sewerage prices for all residential and commercial customers, effective 1 July 2020.
- Continued our UrbanAssist program, which offers interest-free payment extensions and flexible payment plans for residential and commercial customers (see page 69). To date, this program has provided over \$10m worth of financial relief to affected customers.

Despite the challenges we have faced, and continue to face, we are proud of our progress and remain on track to achieve the targets set out in our 2024 Statement of Strategic Intent.

# CELEBRATING 10 YEARS OF URBAN UTILITIES

---

Ten years ago, on 1 July 2010, five local government water and sewerage businesses amalgamated to become Urban Utilities, one of Australia's largest water retailers.

Since our formation, we have realised innumerable achievements, but more than that, we have been tested by and learned from our fair share of challenges, including floods, fires, droughts (see page 50) and, most recently, a global pandemic (see page 15). Collectively, these experiences have moulded us into the resilient, customer-centric and environmentally conscious organisation we are today.

Over the past decade, we have markedly improved the customer experience. Upon formation, our focus was primarily on residential customers, with whom we communicated, largely, via standard, one-way channels. Today, we understand the unique needs and requirements of our four customer segments (residential, commercial, developer and water-reliant) and, based on rich data and insights, provide tailored service and communication via multiple two-way communication channels.

To further improve the customer experience, we launched our enterprise Customer Strategy and Roadmap; introduced our Hardship Program; embraced Customer-Based Design; and developed a number of digital solutions for customer convenience, including a web chat communication channel, a self-serve portal and SMS reminder notifications.

Other notable achievements between 2010 and 2020 include:

- Investing \$2.4b in infrastructure across our service territory, demonstrating our commitment to supporting economic and population growth (see page 48).
- Returning over \$2.0b to shareholders through dividends and tax.
- Significantly upgrading our ICT systems, including SCADA, CRM and EAMS.
- Launching our Digital Grid Service, which leverages data from thousands of devices and collates it to provide better insights into our network and assets.
- Acquiring and developing the Scientific Analytical Services Laboratory to become a first-class commercial facility.
- Developing an award-winning Innovation and Research and Development Program that has garnered local and international recognition.
- Reducing our environmental footprint through cogeneration, solar, nutrient-offsets and nature-based design (see page 60).

- Establishing the Advanced Solutions team to create a market-facing business development and commercialisation capability (see page 69).
- Introducing a Diversity and Inclusion Strategy to help us foster an inclusive culture where difference is respected and tolerated.
- Embarking on our reconciliation journey with the delivery of our first Reconciliation Action Plan (see page 70).

Since 2010, our success as an organisation has been recognised by countless local, national and global awards.

For example, in 2015, we were named in BRW's Top 10 Most Innovative Companies List. This was the first time a water utility had received this prestigious ranking.

We were also proud to be welcomed into the Leading Utilities of the World network in 2018, recognising Urban Utilities as one of the 'gold standard' utilities in the economically developed world.

The implementation of our new Target Operating Model (see page 46) will deliver further improvements to the way we operate, which will make it easier for our people to do their best work and, in turn, deliver enhanced outcomes for our customers, communities and shareholders.

Here's to the next 10 years of enriching quality of life.



# PERFORMANCE SNAPSHOT

---

## **STRATEGIC GOAL 1: CONSTRUCTIVE CULTURE** (PAGES 24-33)

### **HIGHLIGHTS AND CHALLENGES**

- Continued to roll out initiatives from our holistic health and wellbeing program.
- Adopted an 'activity-based working' model, resulting in a more flexible, agile and digitally enabled workforce.
- Introduced our five-stage COVID-19 Transition Roadmap, designed to gradually guide our office-based team members back into the workplace.
- Invested in the growth of our leaders.
- Remained focused on enhancing our organisational culture.
- Celebrated our 10-year anniversary and reflected on our progress since formation.

## **STRATEGIC GOAL 2: FOUNDATIONAL SUCCESS** (PAGES 34-59)

### **HIGHLIGHTS AND CHALLENGES**

- Unveiled Australia's first full-scale sidestream plant using anammox bugs to treat wastewater.
- Progressed the implementation of our new Target Operating Model, which is reimagining all facets of our business and already delivering operational and financial improvements.
- Fully implemented our Program Management Approach capital delivery program, which has reduced costs and improved timeliness of project delivery.
- Delivered drought preparedness and response initiatives.
- Continued to deliver our Digital Strategy, moving us closer to realising our 2024 Digital Aspiration.
- Continued to improve the customer billing experience.
- Participated in a collaborative pilot program, which involved monitoring wastewater for fragments of SARS-CoV-2, the virus that causes COVID-19.
- Progressed our research into transforming sewage treatment in regional Australia.
- Produced our first Modern Slavery Statement, which sets out our foundational work to identify, manage and mitigate modern slavery risks in our operations and supply chain.

## **STRATEGIC GOAL 3: ENVIRONMENTAL LEADERSHIP** (PAGES 60-65)

### **HIGHLIGHTS AND CHALLENGES**

- Increased the volume of recycled water supplied to our regional customers.
- Worked with the community to design a nature-based solution to address wet weather overflows.
- Began irrigating four hectares of koala habitat with recycled water from our Helidon Sewage Treatment Plant.
- Reduced our nutrient emissions into water and greenhouse gas emissions into the atmosphere.
- Generated 13,690 MWh from cogeneration and 460 MWh from solar, offsetting around \$1.1m in electricity costs.
- Explored the viability of using seaweed to remove nutrients from Moreton Bay.

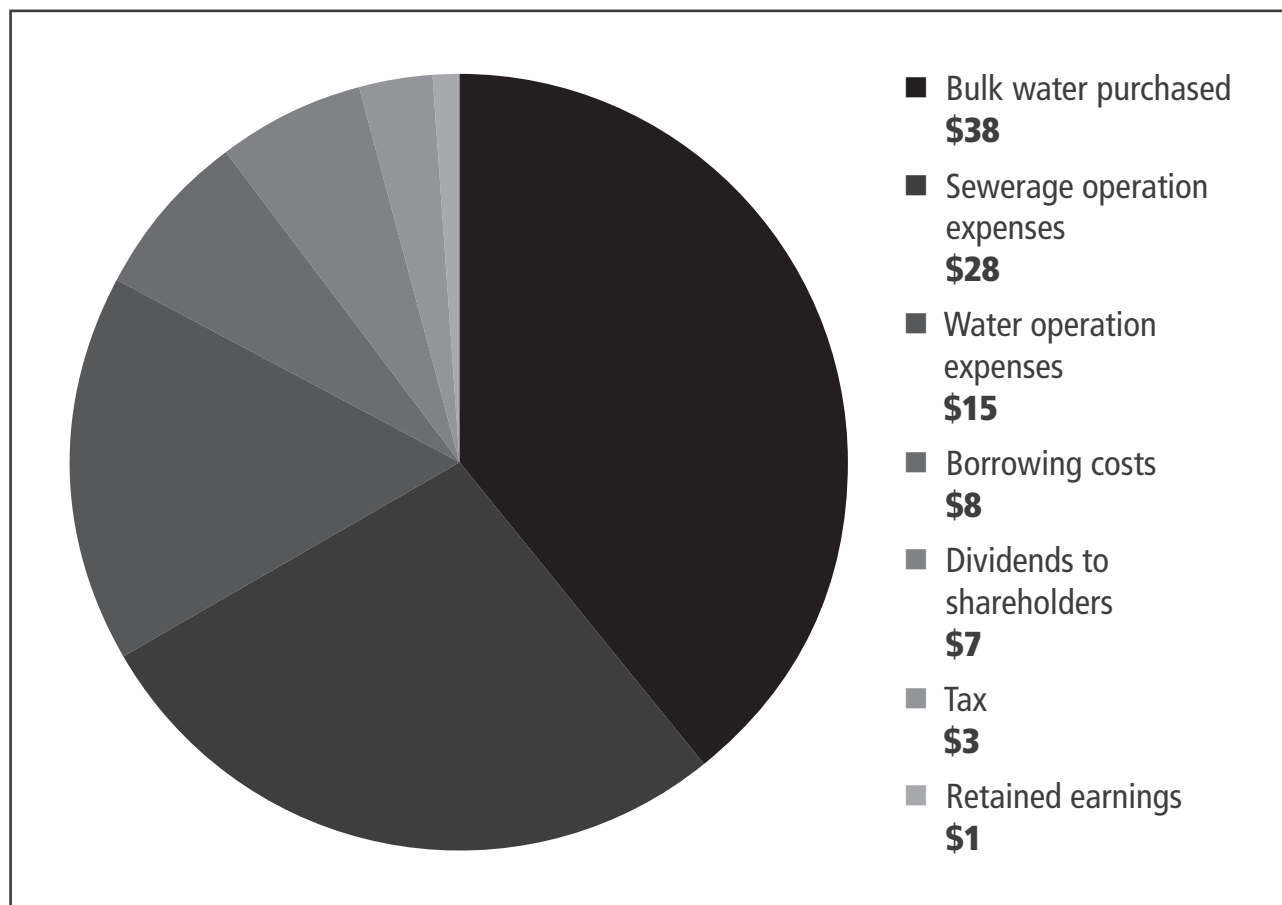
## **STRATEGIC GOAL 4: SOCIAL & ECONOMIC VALUE** (PAGES 66-71)

### **HIGHLIGHTS AND CHALLENGES**

- Continued to provide financial relief to customers impacted by the COVID-19 crisis.
- Implemented our first Reconciliation Action Plan (RAP) and prepared our second RAP.
- Continued to educate and empower school students through our Education Program.
- Supported numerous community events and initiatives.
- Became the first foundational sponsor of UNIQ YOU, a not-for-profit committed to increasing the number of high-school-aged girls considering STEM-based careers.
- Launched a new sponsorship with Foodbank Queensland and continued our long-term sponsorships of Tangalooma EcoMarines and Orange Sky Laundry.
- Played a key role in the development of an Australian Standard for passive grease arrestors.

# WHERE YOUR \$100 WENT

The majority of revenue we received from customers was directly applied to the water and sewerage services we provided to them. For every \$100 we received from our customers for utility charges<sup>1</sup>, here's how we used it in 2020/21<sup>2</sup>.

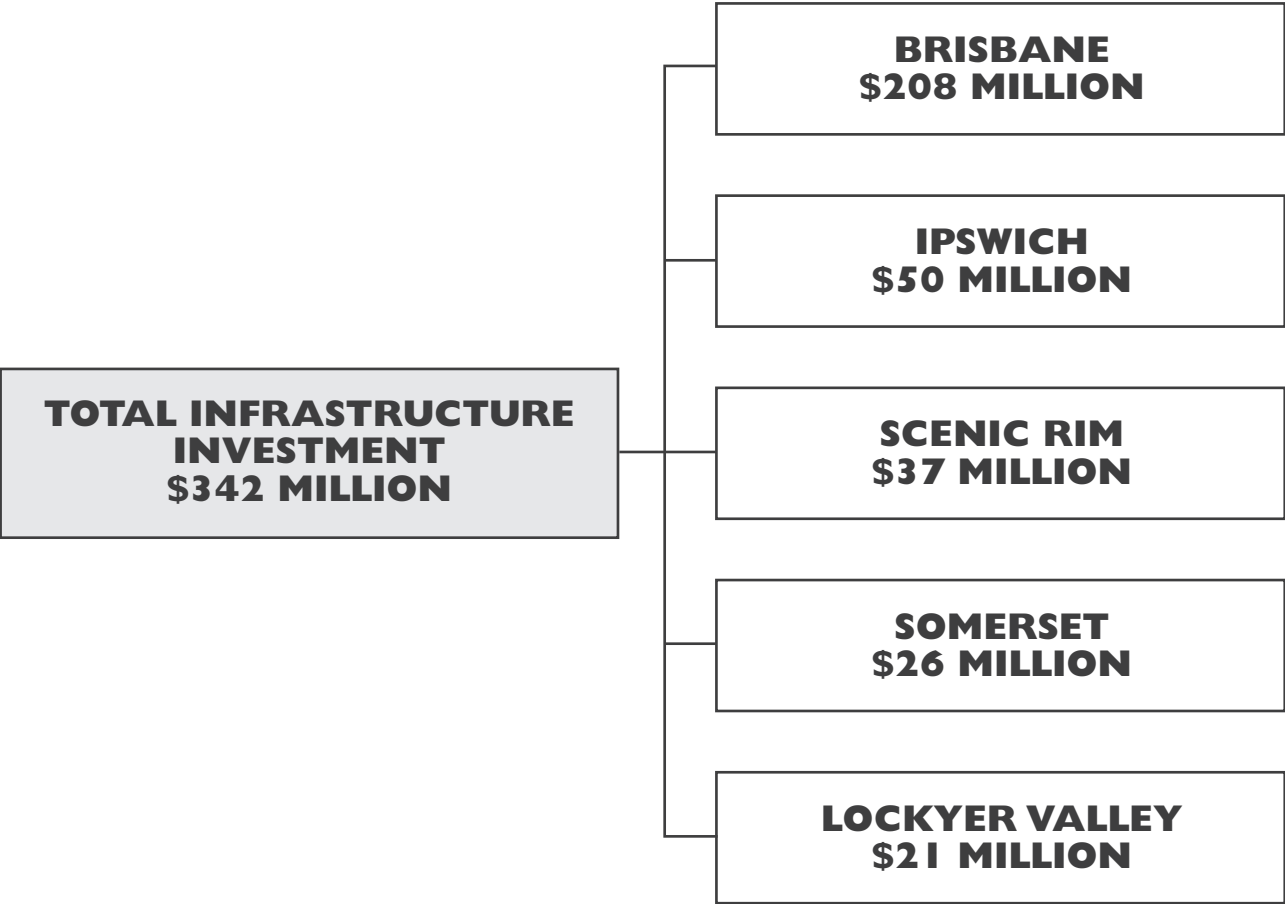


<sup>1</sup>Utility charges represent the ongoing charges and sundry fees relating to our water and sewerage services. It excludes contributions received from developers that finance part of our Capital Infrastructure Program.

<sup>2</sup>The Statement of Comprehensive Income on page 107 represents our total revenues and expenses. The representation shown above is an approximation of total costs allocated against utility charges to demonstrate how this revenue is used.

# OUR INVESTMENT IN INFRASTRUCTURE

In 2020/21, we invested \$342 million in new and upgraded infrastructure across our service territory to cater for growth and to improve the reliability and sustainability of our water and sewerage networks. Turn to page 38 for more.



---

In 2020/21, COVID-19 restrictions saw many community and corporate events either cancelled, postponed or redirected to online platforms. The following is a snapshot of the events we were able to support through participation, sponsorship or in-kind donations.

# CALENDAR OF EVENTS

---

## AUGUST 2020

- Took part in the 10 days of Ekka Online. Rather than hosting our usual interactive stand, we posted water sustainability tips, asked virtual attendees to share photos of their favourite water-wise plants and promoted our Bathroom Beats Spotify playlist to encourage shorter showers.

---

## OCTOBER 2020

- Sponsored the Product Innovation Category at the 2020 Lord Mayor's Business Awards.

---

## NOVEMBER 2020

- Had a presence at the 2020 Brisbane Pride Fair, where we shared water saving tips and encouraged event goers to get involved in our Bathroom Beats campaign.
- Supported the virtual Green Heart Fair, where we promoted both our Bathroom Beats and Water Savvy Gardens campaigns.
- Sponsored the 'Diversity Employer of the Year' category at the Women in Digital Awards.
- Supported the Young Engineers Australia Executive Breakfast 2020, with CEO Louise Dudley delivering the keynote speech.

---

## FEBRUARY 2021

- Teamed up with Bulimba Creek Catchment Coordinating Committee (B4C) to host a stand at the Brisbane Home Show. Event goers stopped by to learn about water conservation, including simple ways to save water in the garden.
- Added value to Whites Hill State College's panel discussion in recognition of International Day of Women and Girls in Science. Three Urban Utilities employees spoke about their careers in the water industry and engaged with the students.

---

## MARCH 2021

- Supported the Brisbane Catchments Network's event at the B4C Sustainability Centre, where Urban Utilities' water savvy community garden was showcased. This event was part of the World Science Festival.
- Joined forces with the Tangalooma EcoMarines for Clean Up Australia Day. Over 70 participants collected 3,000+ pieces of rubbish, including single-use plastic water bottles, that often end up polluting our waterways.

---

## MAY 2021

- Supported the Salvation Army's Red Shield Appeal launch in Ipswich. As the event's major sponsor, we were pleased to provide a free breakfast to all attendees.
- Sponsored Brisbane City Council's Green Heart Fair in Chermside where we provided event goers with free drinking water from our Hydration Station.

---

## JUNE 2021

- Sponsored the Scenic Rim Eat Local Week – a week-long community event celebrating the region's hard-working growers and the world-class produce they yield.
-

# CHAPTER 3: PERFORMANCE AGAINST STRATEGIC DIRECTION

---

Our four strategic goals are vital to the ongoing success of our business. They inform the way we prioritise, plan and deliver our products and services and are the basis of our performance reporting.

## **STRATEGIC GOAL 1:**

### **Constructive Culture**

We inspire, create and sustain a constructive culture to deliver high performance.

## **STRATEGIC GOAL 2:**

### **Foundational Success**

We know our business, we know our customers and we deliver value for both.

## **STRATEGIC GOAL 3:**

### **Environmental Leadership**

We protect and enhance our environment for current and future generations through excellence in water cycle management.

## **STRATEGIC GOAL 4:**

### **Social & Economic Value**

We advance the wellbeing and prosperity of society by leveraging our unique capabilities.

## WHAT'S INCLUDED IN THIS CHAPTER

Chapter 3 summarises our performance against the program of work we committed to with our Board and shareholders to deliver our four strategic goals.

Under our strategic goals, we have set longer-term **business objectives** to ensure we remain on track to realise our purpose and vision. We use **strategic measures** to assess our performance against these business objectives.

This chapter contains a section dedicated to each strategic goal. Within each section, you will find:

- Commentary on our performance against our longer-term business objectives.
- Detailed information on a selection of key highlights and challenges.
- Goal-specific reporting, statistics and facts.

Chapter 3 also contains reporting against the delivery of our **10 strategic initiatives**. These are the significant projects across the business that will provide the transformation required to achieve our longer-term business objectives.

### Status reporting

Throughout this chapter, our performance against strategic measures and strategic initiatives is reported using the following indicators:

Strategic measure		Strategic project
✓	Achieved target	Planned outcomes achieved
–	Slightly outside of target	Majority of planned outcomes achieved
✗	Significantly outside of target	Planned outcomes not achieved

# STRATEGIC GOAL I: CONSTRUCTIVE CULTURE

---

Enriching quality of life starts with employing the right people – people who are purpose-driven and care about providing the best products and services for our customers and communities. It is vital they have clarity on how their role aligns to our purpose and that they feel engaged, enabled and rewarded. If we take care of our people, they will take care of our business.

## Performance summary

- Continued to roll out initiatives from our holistic health and wellbeing program.
- Adopted an 'activity-based working' model, resulting in a more flexible, agile and digitally enabled workforce.
- Introduced our five-stage COVID-19 Transition Roadmap, designed to gradually guide our office-based team members back into the workplace.
- Invested in the growth of our leaders, with a focus on building 'courageous leadership' behaviours.
- Remained focused on enhancing our organisational culture.
- Celebrated our 10-year anniversary and reflected on our progress since formation.

## Our focus for 2021/22

- Develop an Integrated Experience Strategy to address the evolving needs of our people, customers and communities.
- Initiate and implement an enterprise-wide program to drive integrated experience.

---

# 93%

of team members felt satisfied with their flexible working arrangements throughout the COVID-19 crisis

---

# 95%

of team members feel their work area is safe

---

# 90%

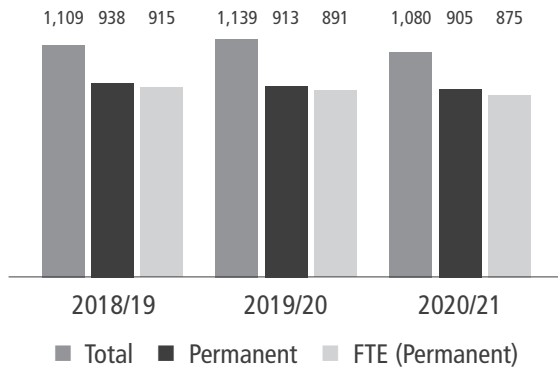
of team members believe their colleagues are committed to delivering high quality products and services

---

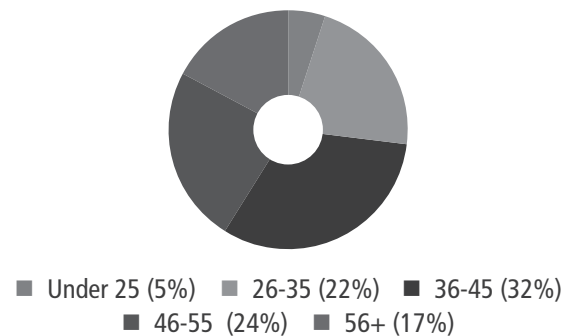


# OUR WORKFORCE PROFILE

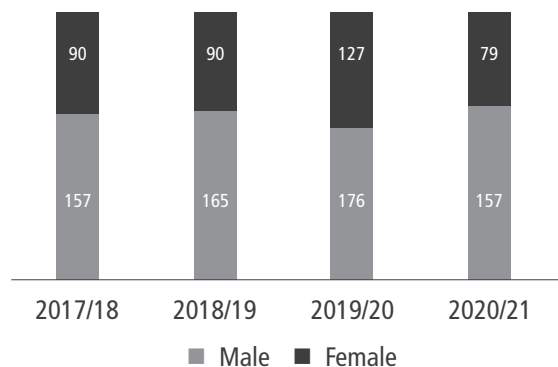
## TEAM MEMBERS



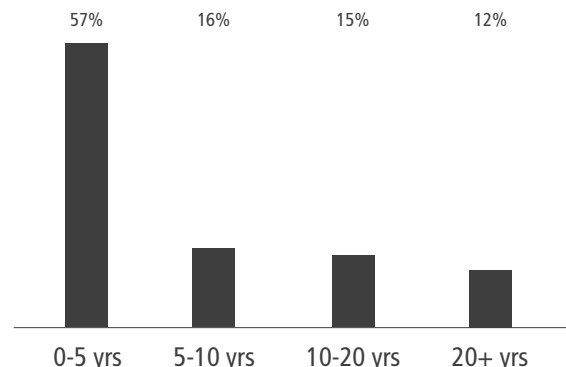
## AGE PROFILE (permanent team members)



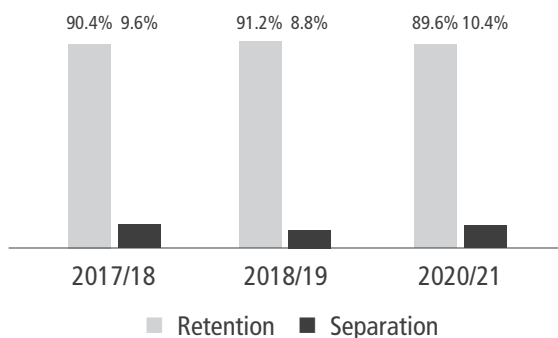
## LEADERS BY GENDER



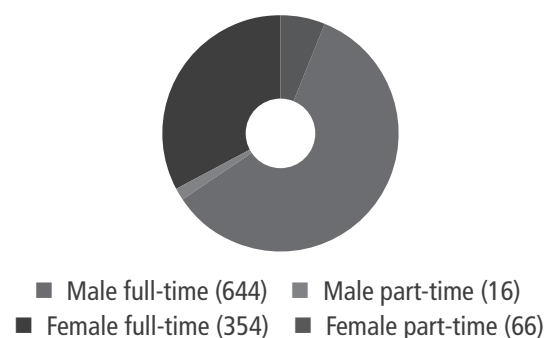
## WORKFORCE TENURE



## PERMANENT RETENTION & SEPARATION RATES



## EMPLOYMENT STATUS (permanent team members)



# OUR WORKFORCE

---

## Our workforce profile

In 2020/21, our total workforce (1,080) comprised a range of professional and trade roles in permanent full-time, permanent part-time and casual capacities, and included employees on enterprise and individual employee arrangements. This figure excludes agency resources who were employed on a short-term basis to meet ad-hoc business requirements.

Year-on-year, our total workforce decreased by 59 team members, which can be attributed to the conclusion of key strategic projects, such as our Enterprise Asset Management Solution, which employed project-specific resources.

Of our permanent team members, 93% were employed in full-time roles, while 6% of our female permanent team members and 1% of our male permanent team members were employed in part-time roles.

Research continues to prove that diversity is essential for any organisation to grow and prosper. In a typically male-dominated industry, we boast distinctly higher female leadership than the industry norm of 24.1%, as cited in the Australian Government's 2020 Gender Equality Scorecard. In 2020/21, 33% of all Urban Utilities leaders were female, while 37.5% of the Board were female (just under the Australian Institute of Company Directors' recommendation of 40%). From October 2021, this will increase to 62.5%.

During 2020/21, our workforce profile by age and tenure remained consistent, with no movement in any category. The majority of our employees were aged between 36 and 45 years old, and over half of our workforce had been employed with us for less than five years.

Finally, our retention rate (89.6%) decreased by 1.6 percentage points, while our separation rate (10.6%) increased by 1.8 percentage points. Again, this can be attributed to the conclusion of key strategic projects, which employed project-specific resources.

## Official misconduct

Matters that raise a suspicion of corrupt conduct are referred to the Crime and Corruption Commission. Where necessary, investigations are undertaken, with outcomes reviewed and monitored.

## Industrial and employee relations

Under the *Fair Work Act 2009 (Cth)*, we operate to three enterprise agreements:

1. Variation to the Administration and Technical Enterprise Agreement 2017 (expiring August 2021)
2. SAS Laboratory Employees' Enterprise Agreement 2020 (expiring August 2021)
3. Operations and Field Services Enterprise Agreement 2018 (expired 30 April 2020).

All three Enterprise Agreements will commence renegotiation in the first half of 2021/22, using an approach that optimises employee engagement and reflects our values and culture.

## Code of Conduct (*Public Sector Ethics Act 1994*)

All Urban Utilities team members are expected to display the highest ethical standards and conduct themselves in a way that is reflective of our organisational values, policies and legal obligations.

Prepared in accordance with the *Public Sector Ethics Act 1994*, our *Code of Conduct* sets the minimum standard of behaviour expected in the workplace. It makes it clear that all team members are responsible and accountable for their own conduct and that they are expected to contribute to a constructive, productive and safe workplace.

Our *Code of Conduct* was revised in 2020.

## Promoting a work/life balance

We recognise the importance of work/life balance and offer access to various paid and unpaid leave arrangements, including COVID-19 leave, which gives team members an additional 20 days' leave in the event they are unable to work due to implications of the disease. We also offer staggered working weeks/fortnights, part-time and job-sharing arrangements, flex-time and time off in lieu.

In response to COVID-19, Urban Utilities has permanently adopted agile work practices to help us respond and adapt quickly to challenges, namely snap lockdowns that require our office-based employees to work from home for varying periods of time. Our dynamic new approach is enabled by technological advancements, which allow team members to stay productive and connected, despite their location.

This year, the majority of our office-based team members permanently assumed a hybrid working arrangement, which involves a mix of remote and on-site working (see page 30).

## Workforce planning, attraction and retention

The success of Urban Utilities is built on the commitment, skills and mindsets of our team members. Therefore, it is critical that we attract, develop and retain the right people, to help move us closer to realising our purpose and vision.

To help us better understand our future workforce requirements and to nurture and develop our existing workforce, we have:

- a well-established Diversity and Inclusion Program,
- a successful Pathways and Graduate Program,
- a dedicated Talent Acquisition team, and
- a Learning Management System that enables self-directed skills and knowledge development.

We are also committed to giving our leaders the tools and support they need to improve their resilience, self-awareness and ability to coach and communicate. In 2020/21, we delivered our final Strive leadership program, which consisted of four targeted workshops to build courageous leadership behaviours. In addition, we:

- Ran a series of workshops related to wellbeing, psychological safety, mental health and resilience.
- Redefined our levels of work, which inform organisational structure as an enabler of the creation and delivery of customer value.
- Identified core behavioural competencies, which are the minimum behavioural requirements for anyone entering Urban Utilities and are foundational to becoming a high-performing organisation.
- Refreshed our Enabling Performance Framework, which provides the guiding principles and practices that enable performance within Urban Utilities.
- Began developing our new Fearless Organisation Leadership Program, which will launch in 2021/22.

## Health and safety committees

Our health and safety (H&S) structure was specifically designed to support consultation and communication on H&S issues across our organisation. We have achieved this by ensuring that all workgroups have access to a safety committee or advisory group and at least 50% of our committee members are employee-nominated representatives.

The committee structure has two distinct layers:

- **Strategic Safety Group (SSG):** An executive advisory group that sets the strategic direction for all H&S initiatives and is responsible for upholding a strategic approach towards maintaining our culture of safety excellence. The SSG is the final decision point for any H&S issues that cannot be resolved by the safety committees that are strategic in nature or beyond the authority of the committees to resolve.
- **Line Committees:** These committees bring together Health and Safety Representatives (HSRs), team members and leaders to discuss safety issues and are responsible for implementing best practice safety solutions for their workgroups. The line committees include:
  - Office Administration Safety Committee
  - Field Services Safety Committee
  - Treatment and Production Safety Committee
  - Operational Safety Committee
  - Petroleum and Gas Advisory Group
  - Electrical Safety Advisory Group
  - Delivery Partner Safety Group

In 2020/21, we had 26 trained HSRs.

# PERFORMANCE AGAINST BUSINESS OBJECTIVES

Business objective	Performance commentary	How we measured our success
Embrace our leadership philosophy and create a work environment that delivers high performance	<ul style="list-style-type: none"> <li>• Issued a COVID-19 Employee Feedback Survey to understand how team members were adapting to new working arrangements. Results were overwhelmingly positive, indicating that team members felt cared for, trusted and well supported.</li> <li>• Delivered our final Strive leadership program, with our closing report for 2021 indicating improvements across all leadership measures.</li> <li>• Conducted an employee survey for our Target Operating Model (TOM) program, with results indicating that leaders are supportive of the TOM and are demonstrating constructive behaviours as we progress through change.</li> <li>• Initiated a program to review and refresh our brand promise and organisational values.</li> <li>• Implemented a Behavioural and Leadership Competency Framework.</li> <li>• Developed an 'Enabling Performance' module for UrbanHQ (our new Human Resource Information System), which will go live in August 2021.</li> </ul>	<b>Growth in constructive leadership behaviour – leader effectiveness (out of 5)</b> ✓
		<b>Target:</b> 4 <b>Result:</b> 4.1
		<b>Growth in constructive leadership behaviour – Trust index</b> —
		<b>Target:</b> 66% <b>Result:</b> 60% <b>Our performance challenge:</b> This year's result is slightly lower than our 2020 result of 62%. While team members reported improved trust in their immediate manager, we are cognisant that further work is required to improve trust in senior leaders and our openness in the way we communicate with our people.
		<b>Serious Injury Frequency Rate</b>
		<b>Target:</b> 0 <b>Result:</b> 0.53
		<b>Our performance challenge:</b> This year, Urban Utilities recorded one serious injury, as did our delivery partners. Safety remains our number one priority. In the coming year, we will continue to deliver on our improvement program, which will drive improvement in our injury outcomes and also focus on leading indicators and proactive management. ✕

Business objective	Performance commentary	How we measured our success
Enhance the efficient delivery of work through improved employee experience	<ul style="list-style-type: none"> <li>Hosted our annual enterprise-wide roadshow, Enrich, which brought together all team members to celebrate achievements, share knowledge and look ahead to future opportunities.</li> <li>Commenced a pilot of Joyous, an employee feedback tool that encourages open feedback, rather than anonymous feedback. This transparency allows our leaders to receive feedback at both an individual and enterprise level. To date, feedback indicates that many employees have ideas on how to improve their work areas and are eager to be involved in the changes.</li> <li>Conducted regular TOM surveys to help us assess the change readiness of the business and monitor our progress against our success criteria.</li> <li>Stood up three cross-collaborative TOM focus groups (breaking down silos, streamlining decision-making and simplifying processes) to attend to feedback offered by employees.</li> </ul>	<p><b>Qualitative comments in Employee Effectiveness Survey increase in positivity</b> <i>(% positive comments)</i></p> <p><b>Target:</b> 66%</p> <p><b>Result:</b> 46%</p> <p><b>Our performance challenge:</b> This year's result is largely attributed to the gap between our people not correlating the changes we have made to improve the employee experience to the survey results. This indicates a requirement to better link insights to actions in our storytelling to ensure our people are aware of how their feedback has informed decisions.</p> <p><b>Employee Experience Index</b> <i>(average % of favourable responses to five specific questions)</i></p> <p><b>Target:</b> 62%</p> <p><b>Result:</b> 56%</p> <p><b>Our performance challenge:</b> This year, we saw an uplift in our overall enablement score, while our effectiveness score remained relatively strong (higher than Australian and General Industry norms). Since measurement commenced in 2014, our effectiveness score has increased by 58%. While we did not meet our target this year, the result validates the actions we are implementing to improve the timeliness of our decision-making and reduce barriers to doing our best work.</p>

# HIGHLIGHTS & CHALLENGES

---

## Supporting our team members through the COVID-19 crisis

In June 2020, we introduced our five-stage COVID-19 Transition Roadmap (see below), designed to gradually guide our office-based team members back into the workplace, albeit under more flexible conditions. In November 2020, we reached Stage 5, which saw us settle into our new, permanent ways of working.

Despite our best efforts, the transition was far from seamless. Positive cases of COVID-19 continued to be identified in Queensland (in August 2020 and January, March and June 2021), which led to State Government-enforced community restrictions. On each occasion, we reverted to Stage 2 of our roadmap, which saw the majority of our office-based workforce return to remote working arrangements until restrictions were lifted. Despite these setbacks, our people responded and adapted quickly.

### Our COVID-19 Transition Roadmap

#### Stage 1: Lockdown

Government-enforced community lockdown

#### Stage 2: Restricted

Restricted return to workplace

#### Stage 3: Measured

Limited to 40% of employees in the workplace

#### Stage 4: Transitioning

Limited to 70% of employees in the workplace

#### Stage 5: New normal

Final stage of 'new normal' transition

To support our workforce through these challenging times, we delivered a number of initiatives throughout the year, including, but not limited to, the following:

- Issued regular COVID-19 business updates, to communicate changes to policies, procedures or work arrangements, infusing humour, where appropriate.
- Offered office-based team members a one-off Home Office Set-Up Payment.
- Continued to offer a weekly COVID-19 assistance payment to all team members (until August 2020).
- Offered a series of webinars targeting pertinent topics, such as mental health and self-care, home office ergonomics and balancing work and home life (see page 33).
- Offered additional support to leaders to assist them with leading remotely.

In August 2020, we issued an enterprise-wide survey to understand how team members and leaders were adapting to the new working arrangements and to gauge their perceptions of Urban Utilities' response to the crisis.

Overwhelmingly, the insights were positive, with the vast majority of team members saying they felt well supported by their leader; satisfied with the flexible working arrangements in place; well supported in terms of their health, safety and wellbeing; and adequately resourced to perform their job effectively.

Encouragingly, almost half of our leaders reported that the modified work arrangements had improved their team's performance, whilst around a quarter of leaders had noticed an improvement in their team's culture.



### **WHAT OUR PEOPLE SAID ABOUT OUR RESPONSE TO COVID-19**

"Thank you for the support during this time. It's helped to reduce stress knowing that I can continue to work at home and not worry about being in public."

"Overall, a great response to COVID-19."

"Very happy with the way Urban Utilities has looked after the business and its employees in these difficult times."

---

### **OF THE COVID-19 SURVEY RESPONDENTS:**

**95%** said they thought Urban Utilities was doing a good job of maintaining its services.

**93%** said they were satisfied with the flexible working arrangements made by Urban Utilities.

**90%** described Urban Utilities as an organisation that cares for its people.

**90%** said they felt well supported and knew where to go for further assistance about their health, safety and wellbeing.

---

# HIGHLIGHTS & CHALLENGES

---

## **Bringing our workforce together to connect, share and celebrate**

In November 2020, we hosted our annual organisation-wide roadshow, Enrich, which brings our workforce together to connect, share and celebrate. With COVID-19 restrictions preventing our usual mass gathering, we opted to host a hybrid live-streamed event, which saw our people either tune in from their homes, watch in smaller satellite locations with their colleagues or attend one of the four in-person sessions.

The theme of this year's roadshow was 'Reimagine', the focus of which was on our transformational journey to become a forward-thinking, high-performing organisation that delivers exceptional experiences for both our customers and our people. Specifically, Louise and her guests discussed the end goals of our Target Operating Model (see page 46), the benefits that teams have realised thanks to their new ways of working, the opportunity to refresh our values, and examples of how we're continuing to innovate for a better future.

In the spirit of celebration, Louise presented 10 of our dedicated team members with an UrbanInspiration award for truly embracing our organisational values and living our purpose.

In addition to the keynote session, team members could opt-in to smaller specialised sessions, including:

- a powerful session with The Resilience Project's Martin Heppell, who shared his experiences and practical strategies to build resilience, happiness and improve our overall wellbeing, and

- a leadership masterclass with Trudy MacDonald on building high-performance teams.

After attending Enrich, participants were asked 'Do you feel proud to work for Urban Utilities?' On a scale of 1 to 5, an average score of 4.2 was recorded.



## **WHAT OUR PEOPLE SAID ABOUT ENRICH**

"It gave me reassurance that Urban Utilities is forward thinking and always looking at improving in every area."

"I loved the videos of the UrbanInspiration award winners. They made me feel inspired, motivated and positive."

"Great to see real examples of how teams work together to get things done."

---



### Investing in the holistic health of our people

This year, we continued to deliver Better.Together, a holistic health and wellbeing program, designed to empower our people to pursue a state of complete physical, mental and social wellbeing. The program, which was launched in October 2019, is based on four wellbeing elements: Better Health, Better Minds, Better Work and Better Space.

Supporting the delivery of the program is the Better.Together Roadmap, which details when and how we plan to deliver the initiatives against each wellness element.

In 2020/21, we delivered or progressed the following initiatives:

#### Better Health

- Continued to offer onsite physiotherapy support for field-based team members, with the aim to reduce serious injury frequency rates and promote faster return to work for previously injured workers.
- Continued to offer annual flu vaccinations to all team members, with a high take-up in 2020/21.
- Developed new heat stress resources, including a short video series, to help our people understand how heat stress develops in work settings and how it can be avoided.

#### Better Minds

- Continued to offer an onsite mental fitness program for our Service Delivery employees. Based on its effectiveness to date, the program was extended for a further 12 months and will soon be offered to additional field-based teams. In addition, our Employee Assistance Program, which is available to all team members, continued to be well utilised.

- Continued to deliver mental health literacy and resilience workshops across the organisation.
- Developed a Better Minds e-guide, which will be launched in conjunction with SuperFriend self-paced e-modules in July 2021. Both are designed to provide strategies to promote mental health and provide support for individuals suffering ill mental health.
- Introduced Thrive Chats as an avenue for mental health promotion and support. Available to both teams and individuals, the 30-minute coaching sessions with our Health and Wellbeing Culture Partner help guide our people towards the right wellbeing help, support and solutions.
- Delivered a seven-part Better Finances series, which included topics on budgeting, fundamentals on retirement fund planning, superannuation and insurance cover. The online series was well received and of great value to our multigenerational workforce.

#### Better Space

- Adopted an 'activity-based working' model, which saw most team members move from an anchored desk to a desk-sharing arrangement. Our new clutter-free, paper-light way of working has resulted in a more flexible, agile and digitally enabled workforce, which allows our people to transition between their home and the office with ease.
- Continued to offer ergonomic assessments to reduce the long-term health effects of sedentary work.

# STRATEGIC GOAL 2: FOUNDATIONAL SUCCESS

We want to build long-term, meaningful customer relationships that are based on trust, value and respect. Our customers have told us that to build trust, we must continue to enhance the delivery and cost effectiveness of our water and sewerage services. To us, Foundational Success means adopting new technologies and smarter ways of working so we can continue to provide sustainable products and services for current and future generations. With this strong foundation in place, we can continue to explore opportunities where we can provide and support increased social, economic and environmental value for our customers and communities.

## Performance summary

- Unveiled Australia's first full-scale sidestream plant using anammox bugs to treat wastewater.
- Progressed the implementation of our new Target Operating Model, which is reimagining all facets of our business and already delivering operational and financial improvements.
- Fully implemented our Program Management Approach capital delivery program, which has reduced costs and improved timeliness of project delivery.
- Delivered drought preparedness and response initiatives.
- Continued to deliver our Digital Strategy, moving us closer to realising our 2024 Digital Aspiration.
- Continued to improve the customer billing experience.
- Participated in a collaborative pilot program, which involved monitoring wastewater for fragments of SARS-CoV-2, the virus that causes COVID-19.
- Progressed our research into transforming sewage treatment in regional Australia.
- Produced our first Modern Slavery Statement to help identify, manage and mitigate modern slavery risks in our operations and supply chain.

## Our focus for 2021/22

- Ensure organisational readiness for TOM implementation and handover to business by 31 August 2021.
- Develop an Operational Technology Strategy to drive step-change in performance.
- Confirm a critical asset roadmap for system-level climate change adaptation.
- Co-design elements of one state planning area.
- Successfully implement our Simpler Pricing program on 1 October 2021.
- Develop a Pricing and Tariff Strategy that is resilient and adaptive to customer expectations and regulatory oversight.

---

# \$342m

invested in new and existing infrastructure

---

# 100%

of Customer Service Standards achieved

---

# 25%

increase in business units using actionable customer insights in their decision making

---

# OUR INFRASTRUCTURE NETWORK

---

Our vast water and sewerage infrastructure networks are made up of thousands of kilometres of mains and hundreds of individual assets. These include:

---

**9,889 km** of sewerage mains

---

**340** sewage pump stations

---

**63** water pump stations

---

**87** water boosters

---

**9,665 km** of water mains

---

**30** sewage treatment plants

---

**117** water reservoirs

---

# PERFORMANCE AGAINST CUSTOMER SERVICE STANDARDS

Specific to the Foundational Success strategic goal are our Customer Service Standards, which inform our customers of the level of service they can expect to receive from us.

The following table shows how we have performed against these standards over the past five years.

Indicator	Service standard	2016/17 result	2017/18 result	2018/19 result	2019/20 result	2020/21 result	Achieved?
<b>Water quality</b>							
Annual chemical compliance with <i>Australian Drinking Water Guidelines</i> health limits	All relevant schemes compliant	12/12 schemes compliant	12/12 schemes compliant	12/12 schemes compliant	12/12 schemes compliant	12/12 schemes compliant	Yes
Bacteriological compliance with the <i>Public Health Act 2005</i>	All relevant schemes compliant	12/12 schemes compliant	12/12 schemes compliant	12/12 schemes compliant	12/12 schemes compliant	12/12 schemes compliant	Yes
Chemical compliance with the <i>Public Health Act 2005</i>	All relevant schemes compliant	8/8 schemes compliant	8/8 schemes compliant	8/8 schemes compliant	8/8 schemes compliant	8/8 schemes compliant	Yes
Water quality complaints	≤6 Per 1,000 properties	1.75	2.42	0.68 <sup>3</sup>	0.46	0.33	Yes
<b>Water services reliability</b>							
Number of unplanned water supply interruptions	≤100 per 1000 properties per annum	67	77	83	89	55	Yes
Water main breaks	≤39 breaks per 100 km of water main per year	23.1	22.5	30.0	31.1	25.35	Yes
<b>Responding to unplanned water and sewerage interruptions</b>							
Urgent incidents	80% within 1 hour	91%	89%	89%	88%	81%	Yes
Non-urgent incidents	80% within 24 hours	73%	85%	77%	92%	91%	Yes

Indicator	Service standard	2016/17 result	2017/18 result	2018/19 result	2019/20 result	2020/21 result	Achieved?
<b>Restoration of supply after unplanned water and sewerage interruptions</b>							
Restoration of supply	≥90% unplanned interruptions restored within 5 hours	97%	96%	96%	96%	97%	Yes
<b>Sewerage service reliability</b>							
Sewerage main breaks and chokes	30 breaks per 100 km of sewerage main per year	25.8	20.9	18.4	21.1	23.9	Yes
<b>Water pressure and flow</b>							
Water pressure	Urban area ≥21 metres head of water Trickle feed areas (and private booster) ≥10 metres head of water	Urban Utilities undertakes ongoing electronic and manual monitoring of the water network to ensure water supply pressure and volume standards are met. Where an issue is detected or a complaint received, it is investigated and corrective action is undertaken.					
Water flow	Urban areas ≥25 L/min Trickle feed areas ≥3.2 L/min						

<sup>3</sup>On 1 July 2019, we changed the way we classify and report water quality complaints to ensure alignment with the Australian Standard and consistency with other water utilities. While this change in reporting will see a significant decrease in the reported water quality complaints, it does not change our commitment to investigate instances where our service or product fails to meet customer expectations or our service standards. We value all customer feedback as it helps us to identify any trends and possible areas of improvement in the operation, maintenance and management of Urban Utilities' water networks.

# MAJOR INFRASTRUCTURE PROJECTS COMPLETED OR PROGRESSED

In 2020/21, we invested \$342 million in new and upgraded infrastructure to improve the reliability and sustainability of our water and sewerage networks. The table below shows the key infrastructure works we commenced, progressed or completed during the year.

The balance of the \$342 million was invested in ongoing programs for the renewal, enhancement and replacement of existing infrastructure across our service territory.

Region	Project title	Total project investment (\$'m)	2020/21 investment (\$'m)	Commenced	Completed/estimated completion
Brisbane	S1 & S18 Main Sewer Rehabilitation	71.9	9.6	2015/16	2021/22
	Luggage Point STP Augmentation – Stage 1	21.5	10.2	2019/20	2022/23
	Grey Street Sewage Pump Station and Associated Pipework Relocation and Upgrade	19.1	6.3	2020/21	2023/24
	Centenary Highway Burst Section Refurbishment	16.5	13.3	2019/20	2020/21
	Luggage Point STP Biosolids Sidestream Treatment	10.2	4.7	2019/20	2020/21
	Luggage Point STP 11kV Auxiliary Switchboard & Substation 5 Replacement (HV Phase 1)	9.0	5.1	2019/20	2021/22
	Luggage Point STP HV Cable & Substation 6 Replacement (HV Phase 2)	8.4	4.5	2019/20	2021/22
	Sandgate STP Inlet Works Renewal	7.6	3.4	2019/20	2021/22
	Luggage Point STP Main Transformer Room & Substation 7 Replacement (HV Phase 3)	7.0	4.2	2019/20	2021/22
	Luggage Point STP - Final Settling Tanks 9-12 Renewal	5.8	3.5	2019/20	2021/22

Region	Project title	Total project investment (\$'m)	2020/21 investment (\$'m)	Commenced	Completed/estimated completion
Ipswich	Ipswich RTU Telemetry Network Upgrade	15.0	1.3	2021/22	2022/23
	Goodna STP Membrane Replacements (MBR Stage 4a)	11.2	4.7	2020/21	2022/23
	Carole Park STP Various Upgrades Renewals and Improvements	9.9	2.7	2019/20	2021/22
	Swanbank Sewer Augmentation	9.4	0.9	2020/21	2021/22
	Goodna STP Dewatering Upgrade and Site Improvements	6.0	1.3	2020/21	2022/23
Lockyer Valley	Plainland Diversion to Laidley STP	20.0	1.1	2021/22	2022/23
	Laidley STP Upgrade	10.7	5.9	2019/20	2020/21
	Regional STPs Chemical Delivery and Storage Compliance	6.4	1.6	2019/20	2020/21
Scenic Rim	Beaudesert STP Capacity Compliance and Improvements Projects	10.3	3.8	2019/20	2021/22
	Boonah STP Sustainable Effluent Management	7.0	4.3	2019/20	2021/22
	Boonah Fassifern Reservoirs Rehabilitation	6.9	4.7	2020/21	2021/22
Somerset	Lowood/Fernvale Sewerage Scheme Upgrade – Stage 1	59.0	10.1	2017/18	2021/22
	Toogoolawah STP Compliance Project	5.7	4.0	2019/20	2021/22
	Kilcoy STP Various Upgrades, Renewals and Improvements	3.0	0.1	2018/19	2020/21

N.B. In some instances, the estimated completion dates vary between this report and our 2019/20 Annual Report. Project extensions can be attributed to longer field trials (i.e. S1), scope additions, disputes and COVID-19.

# PERFORMANCE AGAINST BUSINESS OBJECTIVES

Business objective	Performance commentary	How we measured our success
Shape the way future services are provided to ensure we meet community requirements at the lowest sustainable cost	<ul style="list-style-type: none"> <li>• Successfully developed and applied our new integrated catchment planning (ICP) approach across four major sub-catchments in Brisbane and Ipswich, demonstrating a significant shift toward an evidence-based approach to planning and solution development supported by calibrated modelling.</li> <li>• For two catchments, the second phase of solution development and detailed design will commence in mid-2021.</li> <li>• Challenges relating to higher-than-expected complexity and state planning dependencies were encountered for two of the catchments. Solution development and design of alternative approaches will continue through the second half of 2021.</li> <li>• The implementation of solution packages in 2022 will see a shift toward the integration of operational and capital solutions to improve service performance across targets that have been calibrated to align with the requirements of the catchment.</li> </ul>	<p><b>Extent of improved operational and maintenance practices, demand management, and in-network wet weather management opportunities derived from integrated planning</b> ✓</p> <p><b>Target:</b> Integrated solution packages developed for key projects from existing plans for CBD to Luggage Point and Ripley/Bundamba; Oxley Creek adaptive plan completed.</p> <p><b>Result:</b> Achieved</p> <p><b>System models are used to identify investment solutions and interventions at the lowest possible cost</b> ✓</p> <p><b>Target:</b> Dynamic models developed and informed by operational performance analytics and used to identify investment solutions for Breakfast Creek, Perrin Creek and North Kedron Brook sub-catchments.</p> <p><b>Result:</b> Achieved</p>








Business objective	Performance commentary	How we measured our success	
Deliver products and services that our customers prefer	<ul style="list-style-type: none"> <li>Our revised <i>Drinking Water Quality Management Plan</i> was approved by the regulator. This plan is a regulated risk management framework to ensure the safety of customers of drinking water service providers.</li> <li>Implemented Hazard Analysis and Critical Control Point (HACCP) product quality management systems at our sewage treatment plants (STP) to ensure our recycled water product is of the highest quality, safe and fit for purpose. It also allows potential issues to be identified and addressed prior to the product being supplied to customers.</li> <li>Implemented HACCPs at two Western Corridor Recycled Water Schemes, with the remaining four to be implemented in 2021/22.</li> <li>Expanded the HACCP program to include effluent as a unique product. In 2020/21, we implemented the HACCP for effluent at nine STPs, with a further six to be implemented during in 2021/22.</li> </ul>	<b>Quality of drinking water supplied to customers (number of water quality incidents)</b> <b>Target:</b> 10 <b>Result:</b> 16 <b>Our performance challenge:</b> In 2020/21, we collected approximately 11,600 drinking water samples and performed over 116,293 water quality tests. Of these 116,293 tests, there were 16 occasions that required us intervene to ensure the ongoing safe supply of water to our customers. Each year, we set ourselves stretch targets to guarantee the ongoing provision of safe drinking water, the quality of which is world class.	—
		<b>Quality and reliability of recycled water</b> <b>Target:</b> 100% <b>Result:</b> 97.8% <b>Our performance challenge:</b> Our recycled water quality management system, which we have continued to roll-out this year, enables us to proactively identify potential supply and quality issues and take appropriate measures to mitigate risks to our customers.	—
		<b>Fit-for-purpose biosolids product quality</b> <b>Target:</b> 100% <b>Result:</b> 99.93%	✓
		<b>Quality of effluent product</b> <b>Target:</b> 100% <b>Result:</b> 99.08%	✓


# PERFORMANCE AGAINST BUSINESS OBJECTIVES

Business objective	Performance commentary	How we measured our success
Deliver sustainable customer services through optimised planning and active risk management	<ul style="list-style-type: none"> <li>Identified extreme risk assets in all classes. Condition information from the Enhanced Condition Assessment Program downgraded some asset risks where the condition was better than predicted and confirmed the risk where the condition was as expected.</li> <li>Progressed the development of mitigation strategies to reduce the probability of a risk event. Contingency planning focused on the Seqwater Barnes Hill valve replacement shut down and the Hamilton sewage siphon. Key learnings from the Barnes Hill trial will be transferred to contingency planning for critical trunk mains and reservoirs.</li> <li>Developed reliability modelling for water networks and assessed impact on select key customer accounts.</li> <li>Endorsed water network requirements that support strategic investment business cases and incorporated water quality factors into the comprehensive reservoir risk model.</li> <li>Endorsed changes to sewer network performance requirements in wet weather and completed dry weather performance modelling and associated strategic investment business cases.</li> </ul>	<p><b>Extent of all critical assets with effective mitigation and contingency plans in place</b> ✓</p> <p><b>Target:</b> Actionable mitigation and contingency plans in place for 100% of critical assets.</p> <p><b>Result:</b> Plans in development for the Top 10 risks in each asset class.</p> <p><b>Extent of total asset base with reliability requirements defined and performance strategies in place</b> —</p> <p><b>Target:</b> Asset reliability requirements defined and performance strategies developed for 100% of sewer network assets, water reservoirs and booster stations.</p> <p><b>Result:</b> Sewer network assets complete as planned, water reservoirs and booster stations ongoing.</p> <p><b>Our performance challenge:</b> This year's result was slightly behind schedule due to the significant effort required to uplift reservoir and water booster data that underpins the risk and performance modelling.</p>

Business objective	Performance commentary	How we measured our success
Become a truly customer-centric business that delivers an effortless customer experience (CX)	<ul style="list-style-type: none"> <li>Increased our use of customer insights across the business to inform the delivery of products, services and initiatives that impact customers.</li> <li>Increased engagement with the Customer and Community Reference Group on the delivery of products and services and the design of initiatives to improve the services we provide to customers and communities.</li> <li>Saw an increase in satisfied customers across key customer journeys, though some are still below target. Influenced by customer insights and COVID-19 impacts, our current focus is on improving the customer billing experience and the high consumption experience.</li> </ul>	<p><b>Customer at the table – evidence of increased use of actionable insights across the business</b> <i>(% business units informed by insights)</i></p> <p><b>Target:</b> &gt;50% <b>Result:</b> 56%</p> <p><b>Effortless customer experience</b> <i>(% satisfied customers)</i></p> <p><b>Target:</b> &gt;71% <b>Result:</b> 71%</p> <p><b>Customer-centric mindset – leader survey to understand current levels of customer centricity</b> <i>(out of 10)</i></p> <p><b>Target:</b> &gt;5.5 <b>Result:</b> 5.8</p>

# PERFORMANCE AGAINST BUSINESS OBJECTIVES

Business objective	Performance commentary	How we measured our success
Harness technologies to improve the customer and employee experience and the use the digital systems that provide proactive and real-time monitoring of performance	<ul style="list-style-type: none"> <li>Added information on water service interruptions across the network to our website, providing customers with real-time, self-service information on interruptions that may impact them.</li> <li>Delivered self-service improvements in MyAccount, allowing customers to re-set their passwords. This has addressed a significant customer experience issue and improved the efficiency of our Contact Centre agents.</li> <li>Successfully implemented our new Enterprise Asset Management Solution (EAMS) and completed the hypercare period in Q1 of 2020/21. Successfully decommissioned legacy systems.</li> <li>Added a new feature to our Customer Relationship Management system, which allows our Contact Centre agents to quickly view and set the customer's digital bill reminder preference.</li> <li>Launched UrbanHQ, our new human resources system, which provides leaders with access to improved workforce data, reporting and analytics.</li> <li>Introduced our new Emergency Management System, which provides the ability to manage every element of an incident or emergency from one centralised web-based platform.</li> <li>Continued to consume and provide increased data sets through our business intelligence and data analytics platform, providing employees with increased information to improve performance and decision making.</li> <li>Rolled out technology to support the use of Microsoft Teams in the office environment.</li> <li>Introduced an asbestos layer in GIS to identify hazards and prevent crew exposure to asbestos when working near these hazards.</li> <li>Enabled automated updates from field devices into the EAMS system, automating maintenance tasks based on equipment use and performance, improving targeted maintenance for assets.</li> <li>Released additional data from our eDNA Enterprise Historian system, providing operators with increased real-time asset and network performance.</li> </ul>	<p><b>Easy to deal with for customers</b> <i>(% of customers that report Urban Utilities is "easy to deal with" via the available digital channels)</i> </p> <p><b>Target:</b> &gt;68%</p> <p><b>Result:</b> 60%</p> <p><b>Our performance challenge:</b> This result comprises an average customer satisfaction % across four channels: webchat, overall website, ability to find information on the website and MyAccount. This year's result can be attributed to a decline in overall website satisfaction, mainly in relation to customers' ease of locating account and billing-related information on our website. In 2021/22, we will activate a dedicated Channel Strategy to improve the usability of our website. In addition, we will deliver significant upgrades to MyAccount, including more intuitive menus and improved functionality, which will improve customer satisfaction.</p> <p><b>Digitally enabled workforce</b> <i>(% of Urban Utilities processes that are digitally enabled)</i> </p> <p><b>Target:</b> 20% uplift</p> <p><b>Result:</b> Achieved</p> <p><b>Digitally enabled workforce</b> <i>(% of employees who report they are confident in the use of Urban Utilities' digital solutions)</i> </p> <p><b>Target:</b> &gt;60% surveyed staff</p> <p><b>Result:</b> Achieved</p> <p><b>Predictive and proactive management of assets</b> <i>(proportion of near real-time data-driven insights being used)</i> </p> <p><b>Target:</b> 20% uplift</p> <p><b>Result:</b> Achieved</p> <p><b>Predictive and proactive management of assets</b> <i>(proportion of data driven insights that are based on predictive models)</i> </p> <p><b>Target:</b> 20% uplift</p> <p><b>Result:</b> Achieved</p>

Business objective	Performance commentary	How we measured our success
Maintain affordable and transparent pricing for our customers	<ul style="list-style-type: none"> <li>• To support customers through the financial impacts of COVID-19, we implemented a 6-month price freeze for water and wastewater charges for the first half of 2020/21.</li> <li>• Price increases from 1 January 2021 resulted in an annualised equivalent increase of 1.5% in prices for 2020/21.</li> <li>• Achieved harmonisation of prices across all service territories, which will come into effect on 1 October 2021. This will result in a weighted average price reduction of 0.7% to the Urban Utilities component of the bill.</li> </ul>	<p><b>Utility price increases</b></p> <p><b>Target:</b> Average annual utility price increases not exceeding CPI in the medium term (FY20-26)</p> <p><b>Result:</b> Achieved</p> 

# HIGHLIGHTS & CHALLENGES

## Reimagining our future with a new Target Operating Model

This year, we made considerable progress on implementing our new Target Operating Model (TOM).

The TOM, which was launched in January 2020, is a blueprint of how our business will operate in the future, and it considers **five enterprise themes: Ways of Working; Processes; People, Capability & Structure; Data & Digital; and Governance & Measures.**

There were two main drivers behind TOM – the first being the need to accelerate strategic change. Our new TOM will incorporate new solutions that will keep us relevant, financially sustainable and well-positioned to deliver on the objectives set out in our *2024 Statement of Strategic Intent*.

The other driver was feedback from our people. Through our regular employee surveys (see page 29), we learned about the challenges and frustrations being experienced in the workplace, namely **silos, decision-making and processes**. Through the TOM, we have actively sought to alleviate these pain points (see table below).

To help us assess the change readiness of the business and monitor our progress against our success criteria, we conducted quarterly TOM surveys. The results allowed us to measure change, respond to feedback and focus our communications on the priorities identified by our people.

The following table outlines just some of the achievements we've realised this year against each of the TOM Enterprise Themes.

Enterprise theme	A selection of what we achieved in 2020/21
<b>Ways of Working</b>	<ul style="list-style-type: none"> <li>Reorganised the existing office floors at our Head Office to better align team spaces and release spare capacity following a transition to hybrid working arrangements.</li> <li>Transitioned to an 'activity-based working' model that promotes productivity, flexibility, wellbeing and collaboration.</li> <li>Established a cross-organisation focus group to accelerate the breaking down of organisational silos. This enabled our people to identify root causes of challenges, confirmed improvement actions and empowered teams and employees to implement these improvements.</li> </ul>
<b>Process</b>	<ul style="list-style-type: none"> <li>Established a focus group to streamline our processes. The group identified root causes of process challenges, confirmed improvement actions and implemented several improvements.</li> <li>Deployed a human-centred approach to process design, focused on defining value for our customers and people, our key journeys and supporting governance and tools.</li> <li>Identified and began implementing improvements to the process that supports the way we work with developer customers.</li> </ul>
<b>People, Capability &amp; Structure</b>	<ul style="list-style-type: none"> <li>Launched our new enterprise group structure on 1 July 2020, which better aligns our functions to deliver our strategic goals.</li> <li>Completed recruitment of our Executive Leadership Team.</li> <li>Refreshed our leadership and behavioural competencies to align with consistent levels of work, providing clearer expectations and career paths for our people.</li> </ul>
<b>Data &amp; Digital</b>	<ul style="list-style-type: none"> <li>Developed a new operating model for operational technology to enable delivery of the next phase of our digital transformation.</li> <li>Developed and implemented a new operating model for data, analytics and insights to support our increased focus on insights-based decision making.</li> </ul>
<b>Governance &amp; Measures</b>	<ul style="list-style-type: none"> <li>Established a cross-collaborative focus group to streamline decision making. The group identified root causes of existing challenges, piloted improvement actions and planned for these actions to be implemented across the organisation.</li> <li>Refreshed our strategic planning approach, with a new planning cycle beginning from July 2021.</li> <li>Developed and implemented a new operating model for Procurement to enable appropriate focus on risk and value.</li> </ul>

The TOM Program will conclude on 31 August, where it will then transition into the final 'Embed and Improve' phase. Once the TOM is fully embedded and part of our 'business as usual', we will have achieved our desired state and have increased confidence of achieving our 2024 strategic goals.

### **Treating our wastewater with anammox superbugs**

This year, Urban Utilities was proud to unveil Australia's first full-scale sidestream plant using anammox bugs to treat wastewater.

Located at our Luggage Point Resource Recovery Centre (RRC), the facility employs the unique microorganisms to naturally remove ammonium and nitrogen from sewage – a more efficient treatment process that requires less energy for aeration and eliminates the need to add carbon.

The innovative treatment method will save around \$500,000 per year in operational costs and boost capacity at our Luggage Point RRC, which treats around 60% of Brisbane's sewage — the equivalent of around 50 Olympic swimming pools — every day.

This milestone comes after five years of farming the slow-growing bugs at our Luggage Point site, in partnership with Veolia Water Technologies, who developed the pioneering technology. In the spirit of collaboration, the full-scale sidestream plant now operates as a biofarm, meaning other wastewater utilities can have instant access to seeded carriers if they're interested in using the technology.

This is just one of the 24 collaborative research projects underway at our dedicated Innovation Precinct – home to over \$20m worth of research.



"Treating sewage with anammox uses less energy and fewer chemicals, which reduces our operating costs of the treatment plant itself. This, in turn, helps keep downward pressure on the cost to serve our customers."

**JUSTIN TODHUNTER**  
**Process Engineer**

---

# HIGHLIGHTS & CHALLENGES

---

## **Transforming our approach to capital investment and delivery**

In June 2021, we achieved full implementation of our Program Management Approach (PMA) – an operating model that has fundamentally transformed the way we manage our capital investment portfolio.

Since our PMA journey began in 2016, we have progressively shifted away from an asset-based delivery approach to a contemporary, integrated and collaborative multi-year program management delivery model. This has vastly improved the foundation of our investment decisions and is seeing us deliver the right projects at the right time for the benefit of our customers and communities.

We now have long-term agreements in place with four construction partners to deliver more than \$1 billion in capital projects over five years. This greater certainty on the upcoming pipeline of work has not only given our delivery partners the confidence to invest in their businesses and supply chains, it has also increased investment planning integration with our shareholders.

To date, our PMA has delivered more than \$100 million in savings through improvements in efficiency, performance and accountability. These savings have subsequently placed downward pressure on our cost to serve, which means we can maintain affordability for our customers into the future.

In addition, our PMA has boosted economic support for both metropolitan and regional communities through the creation of local jobs, training and business opportunities.

The successful implementation of the PMA reflects our steadfast commitment to evolve and strengthen our business to ensure we continue to enrich the quality of life for our customers and communities.

## **Investing in the growth of our communities**

One of our core capabilities is to provide infrastructure that accommodates the needs of our geographical area. Our commitment to this capability is evidenced by our \$342 million investment in infrastructure this year, examples of which include, but are not limited to, the following:

- Continued work on a \$45 million upgrade to the Somerset sewerage network – our largest project in the region to date. The project involves replacing the existing Lowood and Fernvale Sewage Treatment Plants (STPs) with pump stations, which will then pump to a new central STP in Lowood. Once complete, the project will double the capacity of the local sewerage network and help to future-proof the growing region.



- Made significant progress on the \$25 million Bundamba Sewage Treatment Plant Upgrade in Ipswich. Works included replacing the inlet works with a new state-of-the-art screening facility to enhance the operation of the plant, as well as a new electrical switch room. The upgrade, due for completion in August 2021, will significantly increase the site's flood resilience, thereby improving reliability of services for the Ipswich community.
- Completed work on a \$16 million project, which involved installing a 1-kilometre length of sewer pipe parallel to the Centenary Motorway to replace the existing sewer pipe under the road. The larger pipe will cater for future growth in the Kenmore/Jindalee area and is now easier to access for maintenance and repairs. The pipe was installed using trenchless technology to minimise disruptions to the community, road and environment.
- Broke ground on a \$12.4 million project to upgrade the water network in the Scenic Rim. The works include upgrading and building new infrastructure in Boonah, Aratula and Birnam Range and will improve water security for the three towns, as well as catering for future growth in the region.
- Completed the \$9 million Laidley Sewage Treatment Plant Upgrade in the Lockyer Valley, which included installation of new pipework to improve the plant's hydraulic capacity, chemical dosing to improve effluent quality and an upgrade to the electrical and control system. The upgrade has increased the plant's treatment capacity to cater for growth in the Laidley community and has enabled the growing Plainland community to be connected to this treatment facility.
- Continued work on the new \$8.6m Sewage Pump Station in South Brisbane, which is being installed as part of Brisbane City Council's early works program for the Brisbane Metro. The scope of the project also includes construction of a trunk gravity sewer system and a new sewer rising main. Once complete, the network will have greater flow capacity to cater for growth and development in the area.
- Completed work on a project to reline a 2.2 km section of 130-year-old pipeline under Ann Street in inner Brisbane. The \$4 million project has extended the operational life of the arterial pipe by at least 50 years.

# HIGHLIGHTS & CHALLENGES

## Protecting the region's drinking water supply

On 1 July 2020, the drinking water supply capacity of the South East Queensland (SEQ) water grid sat at 63.6%, with the region in a state of 'Drought Readiness' (Seqwater's trigger between 60% and 70%).

When the grid fell below 60% in September 2020, Seqwater triggered the region's 'Drought Response' phase, which saw production at the Gold Coast Desalination Plant increase to 100% and customers and communities asked to voluntarily save water (no enforced water restrictions at this time).

Despite a La Nina weather pattern being active during the summer of 2020/21, capacity of the grid continued to fall, dropping to its lowest point of 54.7% in December 2020.

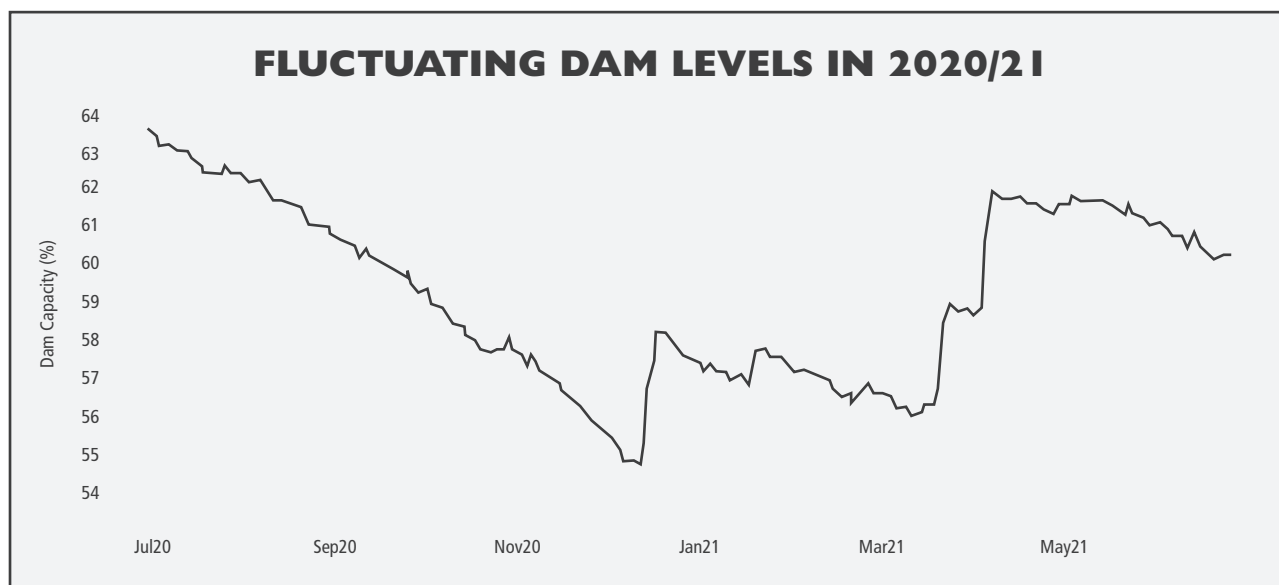
As at 30 June 2021, following minimal rain during the region's traditional wet season, the grid level sat at 60.1% and on a downwards trajectory. Once again, the region found itself in the voluntary conservation stage of active drought response.

## Our response

With a changing climate and growing population, we are acutely aware of the need to provide climate-independant water sources for our customers and communities. One of these valuable sources is recycled water, and this year, we delivered 6.9 billion litres of the product, both for our own use (for example, in the sewage treatment process) and for business and industry (see page 63). In addition, we delivered infrastructure upgrades to improve our long-term water security and worked closely with Seqwater to plan for the recommissioning of existing infrastructure that was established during the Millennium Drought.

To minimise water loss within our own network, we continued to proactively identify leaks through our Leak Detection Program, which incorporates pressure and acoustic sensors, leak-detecting dogs and a thermal imaging drone (see page 57).

From a community education perspective, we reminded our customers that water is a precious resource that needs to be used wisely. Through various marketing campaigns and initiatives, we encouraged households to be more mindful of their water consumption habits, highlighting that even the smallest of changes can make a noticeable difference (see page 58).



### **Water restrictions in off-grid communities**

Within our service region, there are 11 communities not connected to the SEQ water grid. Each of these communities is serviced by a standalone water treatment plant (owned and managed by Seqwater) and a water distribution network (owned and managed by Urban Utilities).

Throughout the year, medium-level restrictions remained in place for the Scenic Rim to protect local water storages. This included the towns of Beaudesert, Boonah, Kalbar, Mt Alford, Aratula, Rathdowney, Kooralbyn and Canungra.

In October 2020, residents in Beaudesert, Kooralbyn and Rathdowney were encouraged to further increase their water saving efforts, with capacity of the Maroon Dam falling below 50%. A month later, flows in Canungra Creek almost stopped due to a lack of rainfall, moving the community to Level 3 drought response. Throughout this period, we used letterbox drops and road signage to actively remind affected customers to monitor and reduce their water usage.

In March 2021, water restrictions were lifted in the Scenic Rim, with drought response levels moving to voluntary conservation, in alignment with the rest of SEQ.

In collaboration with Seqwater, we undertook a review of the Drought Response Plans that service our off-grid townships. Improvements were made to the plans to incorporate lessons learned during recent drought response events, with the aim of providing better water security outcomes and an improved customer experience during active drought response. The plans extend to those customers considered as off-network (not connected to a town water supply), who rely on sourcing water from off-grid communities in times of need.

### **Demonstrating our commitment to long-term water security in the Scenic Rim**

This year, we completed upgrade works to two existing reservoirs in the Scenic Rim.

The Aratula Reservoir Upgrade involved the construction of two new reservoirs at our existing water pump station site, as well as the demolition of the existing reservoir.

The Boonah Fassifern Reservoir Network Upgrade in Templin involved the construction of a new reservoir, as well as refurbishments to an existing reservoir.

Importantly, water tanker filling facilities were installed at both reservoirs – neither of which are connected to the SEQ water grid. If, during drought conditions, Seqwater is unable to supply the reservoirs with water from its sources and treatment plants, water from the SEQ water grid can be transported via a tanker and pumped directly into one or both reservoirs, ensuring water security for the local community.

# HIGHLIGHTS & CHALLENGES

---

## Delivering on our Digital Strategy

Our Digital Strategy and Roadmap lays out the steps we must take to achieve our 2024 digital aspiration. It articulates how foundational investments in our Enterprise Asset Management solution (EAMS), SCADA and Customer Relationship Management (CRM) solution, together with our focus on business intelligence and data, can be leveraged to deliver greater skill and automation across our business to optimise our operations, workforce productivity and the customer experience.

In October 2020, Urban Utilities was proud to be named Digital Utility of the Year (Water) at the 2020 Digital Utility Awards. This is a testament to the effectiveness of our Digital Strategy and recognises our achievements in the digitisation of our networks, processes and practices.

Our Digital Strategy focuses on four strategic themes:

1. Easy to Deal With
2. Digitally Enabled Workforce
3. Predictive and Proactive
4. Essential Foundations

In 2020/21, we progressed or delivered a number of initiatives related to each of these themes.

### Our 2024 digital aspiration

By 2024, our digitally enabled workforce will harness intelligent, predictive and proactive digital technologies to efficiently operate and manage our assets and network infrastructure, making Urban Utilities easy to deal with for our customers, stakeholders and communities.

## 1. Easy to Deal With

- Rolled out our Simpler Billing initiative to our Brisbane, Ipswich and Scenic Rim customers, enabling service charges to be transitioned from being billed in advance to in arrears (see page 54).
- Improved our password management process for our customers, resulting in reduced calls to the Contact Centre relating to password issues. This has improved the overall efficiency of our Contact Centre agents and has enhanced our customers' ability to self-serve via their channel of choice.
- Introduced a web portal search facility, which allows customers to identify both water outages in progress and future planned water interruptions impacting their area. This has reduced Contact Centre enquiries and improved our transparency.



More and more Urban Utilities customers are choosing digital channels as their channel of choice. This year, we saw a 61% increase in customer service transactions via social media and webchat.

---

## 2. Digitally Enabled Workforce

- Delivered several projects to support a hybrid digital workforce, including the introduction of soft phones and Microsoft Teams-enabled meeting rooms. We also migrated Microsoft Outlook to the cloud for improved usability and resilience.
- Launched UrbanHQ, our new people system that provides an uplift in our workforce planning and management capability by providing improved access to workforce data, reporting and analytics. It has improved organisational performance by enabling leaders to better manage their teams.
- Introduced InEight Document, which streamlines the capture, review, management and distribution of project documents for our Infrastructure Delivery project teams. The project management software has not only improved efficiency and reduced expenses, it has also allowed us to establish the right controls to manage risk.
- Introduced the new web-based Emergency Management System (EMS), which provides the tools necessary to manage an incident, including running logs, situation report development, workflows to support decision making and a powerful communications tool to ensure the right information is sent to the right people at the right time.

## 3. Predictive and Proactive

- Created an undetected leak algorithm as a pilot program for the Rocklea area, supporting potential early detection of water loss through smart meter data.
- Developed a depot location optimisation solution that has the potential to reduce drive times between depots and job sites by approximately 17.5%, thereby improving customer satisfaction.
- Implemented a reusable framework using Microsoft Azure to ingest data from 23 source systems into the Enterprise Data Warehouse. This supports the introduction of standardised foundational data models for Work Order Management, Procurement to Pay (P2P), and Finance GL for business analytical consumption and development.

- Continued to deliver our SCADA (Supervisory Control and Data Acquisition) project, the aim of which is to uplift our physical and digital capabilities to monitor and control our entire water and sewerage network. This year, we completed the uplift of 25 key business applications, upon which the new SCADA system will operate, and established a new secure off-site location. The next phase of delivery will include site installation of remote switchboards, deployment of a new radio network and upgrades to the monitoring and control capabilities at a number of sites.

## 4. Essential Foundations

- Delivered and embedded our new Enterprise Asset Management Solution – our most significant digital transformation to date. Ongoing enhancements continue to leverage these new technologies for targeted business improvements.
- Replaced the technical platform for our billing platform, which was approaching end-of-life support. The new platform delivers improved stability, performance and resilience that can continue to be developed as our billing function evolves.
- Further developed our CRM solution to deliver efficient and effective customer engagement outcomes. We now use the solution to capture our customers' preferred method of receiving bills and reminders.
- Combined Enterprise Historian aggregated pressure monitor and flow meter data in the water and sewer networks with the Water Supply Digital Twin to provide consumable metrics to our operations-based analytical teams. We also integrated the Water Supply Digital Twin's detailed water consumption analytics model with our network planning processes to improve the accuracy of short and long-term water service and infrastructure demand forecasts.

# HIGHLIGHTS & CHALLENGES

## Transforming the way we bill our customers

This year, as part of our Billing Transformation journey, we continued to deliver three significant programs of work: Simpler Billing, Simpler Pricing and Digital Billing. While each project has a specific purpose, they all share the same overarching objective: to improve our customer billing experience.

### **Simpler Billing**

In July 2020, we commenced Phase 2 of Simpler Billing – a more efficient meter reading and billing schedule for our customers in Brisbane, Ipswich and Scenic Rim. Customers in the Lockyer Valley and Somerset successfully transitioned to Simpler Billing in April 2019.

Simpler Billing changes fixed-service charges from being billed in advance to in arrears and shortens the time between when a customer's meter is read and when their bill arrives. Once fully implemented, customers will receive their bill within seven days of their water meter being read.

Not only will Simpler Billing make it easier for our customers to track their water usage and understand the charges on their quarterly bill, it will also allow for earlier detection of any leaks on their property. For Urban Utilities, it's another step towards a surprisingly easy account management experience and streamlining our billing-related workload.

As at 30 June 2021, two thirds of our customers (405,000) were receiving their bills no more than seven days after their meter reading. During the October 2021 billing period, approximately 119,000 additional Brisbane customers will complete their transition to Simpler Billing. The remainder of our customers will have their Simpler Billing transition finalised by March 2022.

### **Simpler Pricing**

From 1 October 2021, we will be making our tariffs more equitable and consistent across our regions. This program of work, known as Simpler Pricing, will see us adopt more of a 'user-pays' approach, where customers who use or benefit more from our water and sewerage services pay more than customers who use less. This change will mainly impact our non-residential and multi-residential customers.

By moving to a user-pays model, our customers will gain more control over their water and sewerage bills, as well as a better understanding of how they are calculated.

For Urban Utilities, Simpler Pricing will reduce the total number of tariffs from more than 400 across our five service regions to less than 100. We are streamlining and simplifying tariffs towards a user-pays approach, so they are:

- more equitable,
- applied consistently across our service regions, and
- easier to understand.

In November 2020, we began our open and transparent communication process with customers who will be adversely impacted by Simpler Pricing. This was to ensure they had enough notice to help them prepare for the changes.

Simpler Pricing was announced to all customers in May 2021, five months ahead of implementation.

### **Digital Billing**

The way customers want to communicate, connect and transact with service providers is rapidly evolving.

This year, in collaboration with FUJIFILM Business Innovation, we developed and implemented an improved digital billing experience. Our customers are now able to:

- pay instantly via a link from their digital bill,
- add customised payment reminders to their digital calendar,
- choose SMS as a channel to receive bills and overdue notices, and
- opt-in to different channel preferences for bills, reminders and overdue notifications.

These improvements are helping us solve some of the biggest challenges faced by our customer-facing teams. They are also enabling customers to self-serve via their channel of choice and are reducing our environmental footprint.

Since implementing these changes in March 2021, we have attracted 25,000 new e-billing customers and seen a decrease in the volume of calls to our Contact Centre.

95% of our reminder notices are now sent via digital channels

### **Assisting in the fight against COVID-19 through wastewater surveillance**

COVID-19 has reinforced the critical role the water industry plays in the protection of public health, with Urban Utilities being one of the first water utilities in Australia to contribute to the fight against the disease.

In March 2020, we partnered with the University of Queensland and the CSIRO to deliver the Queensland Wastewater Surveillance Program – a proof-of-concept trial run in Brisbane, which involved collecting and testing untreated wastewater for non-infectious and non-transmissible fragments of SARS-CoV-2, the virus that causes COVID-19.

The success of the trial proved that wastewater testing has great potential to provide communities with early warning about local cases of COVID-19 and, when integrated with health data, can be used as a valuable tool to inform government decisions.

In July 2020, the trial expanded into a pilot program led by Queensland Health, which saw us commence sampling at 10 of our Brisbane and Ipswich-based sewage treatment plants (STP) using refrigerated automatic samplers that are permanently set up to collect our compliance samples.

In April 2021, we further developed our sampling program by deploying 10 torpedo devices – simple, cost-effective and portable sampling devices, shaped like a torpedo – in the sewer network upstream of our largest STP in Luggage Point. This enables Queensland Health to target more specific suburbs in the catchment.

In addition to our continuous sampling sites, we commenced planning to extend the surveillance of the SARS-CoV-2 virus in sewage at upstream locations of all six of our large sewer networks. This will involve deploying torpedo devices in the network but only when positive cases are detected in the community.



“This initiative has been a truly collaborative effort, involving teams right across Urban Utilities, including Research and Development, Strategy and Planning, Service Delivery, Treatment and Production, Systems Planning and SAS Laboratory. After a tough year, we’re so proud to be contributing something positive and helping to support the community response. We feel our sampling is another tool in the public health surveillance system and complements other data, like identified cases in the community.”

**PAUL SHERMAN**  
**Principal Scientist Water Quality**

---

# HIGHLIGHTS & CHALLENGES

---

## Understanding the risks associated with microplastics in biosolids

This year, Urban Utilities, in partnership with Sydney Water, SA Water, Water Corporation WA and Eurofins Environmental Testing Australia, entered the second year of a three-year research project to investigate the concentrations, composition, sizes and toxicity of microplastics that are retained in biosolids (a by-product of the sewage treatment process) and applied to agricultural land as fertiliser.

This information will help us better understand the risks associated with microplastics in biosolids, will inform evidence-based regulatory decisions and will enable water industry authorities to target management strategies to control microplastics in sewage treatment plants.

While part of the planned research was delayed due to COVID restrictions, initial samples of biosolids were collected from around Australia (NSW and SA) and analysed. More than 60% of the microplastics in the biosolids were found to be fibres, indicating that majority of microplastic pollution is likely to be caused during the laundering process of synthetic textiles.

The research team is currently processing the second round of biosolid samples and, once analysed, will experiment with selected crops and microplastic-spiked soil to investigate the uptake of microplastics by the plants.

The results will be invaluable for improved agricultural management practices and establishing new strategies against wastewater-based microplastics.

## Transforming sewage treatment in regional Australia

Now in its third and final year, we continued to lead a \$5.3 million Cooperative Research Centre Project (CRC-P) titled, *Transforming wastewater treatment in regional Australia with robust technology for multiple benefits*.

In collaboration with six other organisations, we are working to transform underperforming lagoon-based sewage treatment plants (STPs) into self-contained assets that will deliver environmental and economic benefits to regional communities.

This year, we completed the operating phase of a pilot system at our Innovation Precinct where we fully evaluated, developed and optimised this innovative technology for operation under local environmental conditions.

A full-scale demonstration plant is now under construction at our regional Helidon STP in the Lockyer Valley, where we will challenge the designed system under real-world conditions. The performance will also be compared with a recently commissioned demonstration plant operated in the Northern Territory by our partner Power and Water Corporation. The location of the demonstration plants in both tropical and subtropical locations highlight the system's efficacy across a range of Australian conditions – a benefit we predict will encourage industry take-up and improve commercialisation potential.

The project is due to conclude in January 2022.



### Using innovation to minimise water loss

As part of our response to drought, we are constantly looking for ways to improve our water efficiency. This includes proactively identifying leaks through our Leak Detection Program, which comprises a number of novel initiatives, as highlighted below.

- *Leak detection dogs*

Since October 2018, we have been working with trained scent-detector dogs to identify water leaks in our network. Springer spaniels Halo and Danny can detect the chlorine in potable water and have proven to be effective at sensing hidden leaks in water meters, hydrants and valves across our service territory. Once the dogs detect a potential leak, we send our field crews to further investigate and repair it. To date, the dogs have detected 53 leaks, resulting in significant savings – both water and monetary – for Urban Utilities and affected customers.

- *TaKaDu*

We continue to use a leak-detection software system called TaKaDu, which allows us to monitor the pressure in our network and detect leaks before they become bursts. This year, it allowed us to save 435 ML of water, equating to \$1.4m. Since we began using TaKaDu in late 2013, we have saved 9,600 ML of water and \$25m.

- *HWM PermaNET+ accelerometers*

In July 2020, we commenced a trial of HWM PermaNET+, a leak detection system that utilises a fleet of noise loggers to 'listen' for leaks as they occur. Once a noise has been identified, the logger takes a recording and sends it to our leakage technicians for further investigation and repair.

At present, there are 144 loggers in our Brisbane CBD water network. Over 12 months, the technology proactively identified 22 hidden leaks, allowing for early, planned fixes to be completed to reduce water loss and prevent larger scale leaks and bursts.

- *Drone trial*

In late 2020, we collaborated with Cardno to trial the effectiveness of a leak detection drone. The drone uses a ground penetrating thermal camera to identify even the smallest variances in soil temperature, which can indicate the presence of a leak that would not otherwise be visible.

The drone technology is especially useful when there is a suspected leak under a high-traffic road or in an area that could be unsafe or disruptive for our field crews to access.

A second trial is planned for the winter months of 2021, when the ground is typically dryer and changes in soil temperature are more apparent.

# HIGHLIGHTS & CHALLENGES

---

## Encouraging the community to adopt water-wise habits

Water is arguably the most precious resource on Earth, and as a water utility, we strive to highlight its value to our customers and communities – especially during times of drought when its supply is under threat. This year, as South East Queensland experienced ongoing drought conditions (see page 50), we encouraged the community to be more mindful of their water consumption habits, highlighting that even the smallest of changes can make a noticeable difference.

In 2020/21, we delivered two water-saving campaigns.

### • *How low can you go?*

In August 2020, we launched our 'How low can you go?' campaign, to prepare customers for the possibility of water restrictions.

The face of the campaign was Henry, an 8-year-old water-saving champion. Through a series of light-hearted advertisements, the gregarious Henry challenged customers to adopt water-wise behaviours as part of their daily activities and practise them until they became habit. Challenges included turning off the tap while brushing teeth, taking shorter showers and watering the garden in the morning or at night to avoid evaporation. The campaign had one simple call to action: How low can you go?

We created a series of four advertisements for radio, online news and YouTube to address typical customer behaviours inside and outside of the home. The campaign was supported by a suite of social media collateral, as well as media engagement efforts around drought.

As at June 2021, the campaign had exceeded targets in the digital space, with an overall engagement rate of 9% (target 5%) and 94% positive sentiment (target 85%).

### • *Water-savvy gardens*

Limiting water use shouldn't impact our liveability or enjoyment of green space.

As an environmental leader, Urban Utilities wanted to demonstrate that a flourishing, productive and water-efficient green space is still achievable during dry periods. All you need is a little knowledge about ground preparation and plant selection.

This year, in partnership with the Bulimba Creek Catchment Coordinating Committee (B4C), we created a water-savvy community garden, located at the B4C Sustainability Centre in Carindale.

The purpose of the garden is to educate customers about sustainable gardening practices and to inspire them to create their own water-wise green space – whether they have a backyard or a balcony.

Whilst COVID-19 restrictions saw the garden close to the public from March 2020, customers were encouraged to visit our website to follow the garden's progress, meet the volunteer gardeners from B4C and learn tips about smart garden design, plant selection and how to maintain a luscious lawn.

The garden re-opened to the public in October 2020 and since then, a number of tours have taken place, including a large-scale event as part of the World Science Festival in March 2021.

### Understanding and addressing our modern slavery risks

This year, we were proud to produce Urban Utilities' first Modern Slavery Statement, which outlines the steps we have taken – and will continue to take – to identify, manage and mitigate modern slavery risks in our operations and supply chain.

Modern slavery is described as situations where coercion, threats or deception are used to exploit victims and undermine their freedom. It can occur in any industry and is often linked to other crimes and activities that adversely impact human rights.

In the development of our Modern Slavery Statement, we sought expert external advice on modern slavery compliance, supply chain risk assessment and human rights issues to develop a set of recommendations to uplift our modern-slavery-related controls.

In addition to our Modern Slavery Statement, which sets out our foundational work, we established a Modern Slavery Working Group, which is charged with implementing our Modern Slavery Action Plan. This plan sets out a roadmap of the activities, priorities and accountabilities that we are committed to achieving over the coming years.

We also introduced a Supplier Code of Conduct and Modern Slavery Supplier Questionnaire and rolled out Modern Slavery Awareness Training for our people.

In accordance with the Commonwealth's *Modern Slavery Act 2018*, our Modern Slavery Statement will be updated annually and published on the Australian Government's Modern Slavery Register.

### Partnering for planned maintenance success

On 1 July 2016, we outsourced our planned maintenance services to Utilita Water Solutions (Utilita), the aim of which was to lower our operational costs and enhance our maintenance outcomes.

After an exhaustive and competitive procurement and due diligence process, the decision to engage Utilita was based on its parent company's proven track record in the Australian and New Zealand water industry; its expertise in asset management, operations and maintenance services; and its outstanding safety record.

In December 2020 – following a successful initial term – we were pleased to extend Utilita's contract for a further 18 months, with two additional one-year extension options.

Over the past five years, our relationship with Utilita has evolved into a strategic and collaborative partnership, based on trust and transparency.

Adopting an outsourced scheduled maintenance model has not only delivered significant financial savings and outstanding maintenance and safety outcomes, it has also improved our understanding of our maintenance costs, allowing us to make more informed decisions.

We look forward to further strengthening our partnership with Utilita in 2021/22 and continuing to realise efficiencies for the benefit of our customers.

# STRATEGIC GOAL 3: ENVIRONMENTAL LEADERSHIP

While we successfully deliver our water and sewerage services against a strict compliance framework, we are committed to further reducing our impact on waterways and the broader landscape by working in harmony with environmental processes. Bolstered by our vast experience and innovative culture, we are exploring alternative servicing solutions that will help us improve the health of our waterways and bays, deliver a more secure long-term water supply and build liveable communities that are resilient to the effects of our changing climate.

## Performance summary

- Increased the volume of recycled water supplied to regional customers.
- Worked with the community to design a nature-based solution to address wet weather overflows.
- Began irrigating four hectares of koala habitat with recycled water from our Helidon Sewage Treatment Plant.
- Reduced our nutrient emissions into water and greenhouse gas emissions into the atmosphere.
- Progressed our collaborative research into using seaweed to remove nutrients from Moreton Bay.

## Our focus for 2021/22

- Implement the Receiving Environment Digital Twin (REDiT) model.
- Increase our reuse of dry weather effluent discharges in western catchments.
- Finalise our new standard for management of wet weather flows.

---

# 14,150

MWh generated through  
cogeneration and solar

---

---

# 11%

reduction in our environmental  
footprint

---

---

# 6,930

ML of recycled water delivered for  
customer use

---

# PERFORMANCE AGAINST BUSINESS OBJECTIVES

Business objective	Performance commentary	How we measured our success
Reduce our environmental footprint	<ul style="list-style-type: none"> <li>Reduced nutrient (Nitrogen + Phosphorus) emissions to water by 13%, year on year.</li> <li>Reduced greenhouse gas emissions to atmosphere by 9%, year on year.</li> <li>Negotiated and executed a new electricity contract, which will save us over \$2m per year for the next four years. As part of this contract, we will work with our supplier to increase the proportion of renewable energy we generate to help minimise the cost to our customers.</li> <li>Generated 13,690 MWh from cogeneration and 460 MWh from solar, offsetting around \$1.1m in electricity costs.</li> </ul>	<p><b>Reduce emissions to air, water and land</b> ✓</p> <p><b>Target:</b> No increase year on year for nutrient and greenhouse gas emissions</p> <p><b>Result:</b> Achieved</p> <p><b>Target:</b> Developed a five-year emission reduction program ✓</p> <p><b>Result:</b> Achieved</p>
Reshape the water cycle by reusing and recycling to maximise the value of water	<ul style="list-style-type: none"> <li>Continued to use recycled water at our regional treatment plants, achieving 69% reuse of dry weather flow.</li> <li>Made strong progress on the Cannery Creek nature-based solution, based on productive engagement with community representatives, elected representatives and regulators.</li> <li>Seqwater insights showing acceptance for Purified Recycled Water (PRW) at 68%.</li> <li>A review has commenced of Seqwater's PRW communications and engagement program to better understand the opportunities for Urban Utilities to play a lead role and increase community awareness about the importance of climate-independent water sources.</li> </ul>	<p><b>Supply of recycled water in western catchments (% reuse of dry weather flow from STPs)</b> —</p> <p><b>Target:</b> &gt;70%</p> <p><b>Result:</b> 68%</p> <p><b>Our performance challenge:</b> Our year-end result can be attributed to an unseasonably wet winter, which led to lower customer demand. Year-on-year, our total re-use volume remained consistent at &gt;1.1 GL.</p> <p><b>Number of outcomes-based solutions planned for wet weather management</b> ✓</p> <p><b>Target:</b> Outcome solutions developed for two sewerage network projects</p> <p><b>Result:</b> Achieved</p> <p><b>Indirect potable reuse accepted by the community</b> ✓</p> <p><b>Target:</b> Maintain &gt;60% community acceptance</p> <p><b>Result:</b> 72%</p>

# PERFORMANCE AGAINST BUSINESS OBJECTIVES

Business objective	Performance commentary	How we measured our success
Partner locally to improve environmental liveability, sustainability and resilience in our communities	<ul style="list-style-type: none"> <li>• Engaged Seqwater on the next iteration of the water security plan and reinitiated a regional approach to catchment management.</li> <li>• Continued our positive engagement with Economic Development Queensland (EDQ) regarding various priority development areas (PDAs), though progressed has been impacted by Christmas leave and alignment on cost recovery.</li> <li>• Engaged with Brisbane City Council to agree on criteria for evaluating waterway health.</li> <li>• Engaged in positive discussions with Cross River Rail to establish practical and transparent approaches to planning and approvals. Regular engagement is will occur as the project progresses in the coming year.</li> </ul>	<p><b>Evidence of partnerships with relevant shareholders, stakeholders and community</b> ✓</p> <p><b>Target:</b> Develop partnerships with key stakeholders to support progression of catchment management, climate-independent water sources, regional water security planning and sub-regional planning</p> <p><b>Result:</b> Achieved</p> <p><b>Improved perception as a trusted environmental custodian – corporate reputation index (score out of 100)</b> ✓</p> <p><b>Target:</b> &gt;57</p> <p><b>Result:</b> 70</p>

# HIGHLIGHTS & CHALLENGES

---

## Growing our recycled water supply

Recycled water plays an important role in the water cycle by providing a climate-resistant water source for our customers and communities. In 2020/21, we delivered 6.9 billion litres of recycled water, both for our own use to maximise water efficiency (for example, throughout the sewage treatment process) and for customers to use for various purposes, including:

- sports field irrigation,
- golf club irrigation,
- agricultural irrigation and stock drinking,
- industrial applications, and
- dust suppression for construction activities.

This year, we recycled 70% of all effluent at our regional wastewater treatment plants (up 1% on last year and 15% on the year prior), which met our corporate target for the year and kept us on track to achieve our 2024 target of 80%.

Our increased recycled water use has helped to conserve potable water, improved the quality of public assets and supported agriculture activities through difficult climate conditions (see Kilcoy case study).

Outside of the direct customer benefits, recycled water is also a key sewage treatment strategy for the regions whereby minimising effluent entering the waterways reduces the nutrient loads, thereby improving river quality. It also plays an important role in reducing our sewage treatment costs, as recycled water can often be deployed with reduced treatment technologies, saving large amounts of capital.

In 2021/22, we will continue to focus on developing new recycled water schemes that provide our customers with a valuable water source that contributes to meeting our environmental leadership goals, and we will also look to urban areas for new emerging commercial opportunities.

## Keeping the track green at Kilcoy Race Club

Urban Utilities is helping to drought-proof one of the state's most popular country racing destinations by significantly increasing its supply of recycled water.

Plant upgrades have allowed us to boost the volume of recycled water supplied to the Kilcoy Race Club by around 25% the past 18 months.

It comes at a crucial time as the south-east continues to experience drought conditions and the racing industry works to recover from the financial blow dealt by COVID-19.

An average of 330,000 litres of nutrient-rich recycled water is diverted to the club every day, which is used to irrigate the track to keep it lush and green.

Veteran Kilcoy Race Club president Con Searle said the partnership with Urban Utilities to supply recycled water is helping cut costs at a crucial time.

"If we didn't have the recycled water, especially after being hit hard by COVID-19 and the drought, the track would not be at the high standard it is today, there is no way in the world," he said.

"Our track has flourished and turnover has skyrocketed. Every time we have a major race meeting the town is booked out, so it benefits the whole Somerset region and boosts the local economy."

Mr Searle said he planned to hand over the reins as club president in years to come and that using recycled water was a legacy he was happy to leave behind.

"Urban Utilities' recycled water has put Kilcoy on the map, it's as simple as that and it will help us ensure the club continues to prosper for years to come," he said.

# HIGHLIGHTS & CHALLENGES

---

## **Involving the community in our decision-making process**

This year, we made significant progress on our Cannery Creek Sewer Upgrade – Urban Utilities’ first major infrastructure project to be guided by a Community Planning Team (CPT).

We involved the CPT – comprising 23 local residents – early in the process to help us design the most effective and efficient solution to the wet weather overflows into Cannery Creek, a suburban waterway in Brisbane’s north.

After several workshops and site visits in 2019/20, the CPT put forward a recommendation that Urban Utilities pursue a nature-based solution in the form of constructed wetlands. This solution would naturally treat the overflow water before entering the creek and improve the visual amenity of the urban environment.

The alternative solution was to install larger sewerage pipes that would achieve the same public health outcomes but at a substantially higher cost (approximately \$20 million more than the nature-based solution).

In February 2021, the Urban Utilities Board agreed to progress with the recommended nature-based solution, with many of the elements requested by the CPT to be included in the proposed works, including improved public access and greater habitat diversity.

For the majority of the year, COVID-19 restrictions prevented in-person meetings with the CPT. Regardless, we kept the group informed of our progress via email newsletters and a video call, which encouraged valuable two-way conversation.

However, in May 2021, we were able to conduct our first in-person CPT meeting of the year, where we provided a summary of our progress to date, requested feedback on their preferred communication methods and sought their advice on how to best engage with the wider community in the future.

In 2021/22, we expect to complete many of the on-site investigations, such as land surveying and soil/underground conditions, acquire the impacted land and start work to secure planning approvals.

## **Using seaweed to reduce nutrients in Moreton Bay**

As the population grows, so too does the volume of pollutants, for example, nutrients, entering our waterways and Moreton Bay. To protect Moreton Bay and the benefits it provides to local communities, such as recreation and jobs, these nutrient levels need to be managed in a cost-effective manner.

Supported by our Innovation, Research and Development Program, Urban Utilities has partnered with the University of the Sunshine Coast, Quandamooka Yoolooburrabee Aboriginal Corporation, Moreton Bay Rock Oysters and Healthy Land and Water to investigate macroalgae aquaculture (seaweeds) as a potential solution for nutrient extraction and carbon sequestration. The project, which recently received a grant from the Australian Government’s Fisheries Research Development Corporation (FRDC), aims to examine the viability of establishing seaweed aquaculture as a new industry in Moreton Bay and the potential for utilising the production of seaweed as nutrient offset to counterbalance increasing nutrient emissions from our sewage treatment plants.

Further, the project demonstrates social sustainability by considering the needs, rights and interests of indigenous communities and has the potential to bolster the Moreton Bay oyster-farming industry through diversification of aquaculture species.

This year, we successfully completed lab trials and will move to pilot-scale seaweed farming trials at oyster leases in Moreton Bay in 2021/22.

We expect the project will conclude in August 2022.

Note: Project 2019-032 ‘Seaweed production as a nutrient offset for Moreton Bay’ is supported by funding from the FRDC on behalf of the Australian Government.



### Using recycled water to restore Lockyer Valley ecosystem

In 2018, we were challenged to identify an alternative method of managing treated effluent from our Helidon Sewage Treatment Plant (STP), following the retirement of the local farmer who had previously used the product for his fodder crops.

It was determined that the most beneficial approach was to use the recycled water to re-establish four hectares of regional, now endangered, forest, on land adjoining both our Helidon STP and known koala habitat. In late 2019, we planted 1,600 blue gum trees – a preferred food source of the koala – on the site.

Despite the dry conditions that followed, the trees have thrived and now measure over three meters tall. In early 2021, we began irrigating the site with nutrient-rich recycled water from the STP to encourage further – and faster – growth.

The project will see Urban Utilities reuse around 25 million litres of recycled water each year, while providing a valuable ecosystem to protect South East Queensland's koala population. Although it will be at least five years before the trees are mature enough to regularly attract koalas, the forest is already providing valuable habitat for other native fauna, including wallabies, bandicoots and multiple bird species.

For Urban Utilities, this is just one example of how we are embracing 'green engineering' projects. This means that, rather than investing in traditional 'grey engineering' projects, we work in harmony with the natural environment to safely and sustainably manage STP effluent through water and nutrient recycling.

The successful delivery of this project has relied heavily on collaboration and knowledge-sharing. Internally, advice was sought from a cross-functional team of experts, while externally, we engaged heavily with a range of stakeholders, including Lockyer Valley Regional Council, adjacent landowners, the environmental regulator and the scientific community.

Demonstrating our commitment to environmental leadership, we are proud to have worked alongside the community to help secure a sustainable future for the region's native wildlife.



"This collaborative project will see Urban Utilities reuse around 25 million litres of recycled water each year, while providing a valuable ecosystem to protect South East Queensland's koala population."

**CAMERON JACKSON**  
Leader Water Quality & Environment

---

## STRATEGIC GOAL 4: SOCIAL & ECONOMIC VALUE

---

The provision of quality water and sewerage services is fundamental to the health and wellbeing of our communities – the social and economic value of which is indisputable. Similar to our Environmental Leadership strategic goal, we are committed to exploring opportunities and solutions beyond our core services to further contribute to the prosperity of our region. We will primarily focus on how we work with key customers to increase economic value for industry and communities, with government and communities to build social value through more connected and liveable communities, and with government and industry to implement an environmentally responsible approach to waste management.

### Performance summary

- Continued to provide financial relief to customers impacted by the COVID-19 crisis.
- Implemented our first Reconciliation Action Plan (RAP) and prepared our second RAP.
- Continued to educate and empower school students through our Education Program.
- Supported numerous community events and initiatives.
- Became the first foundational sponsor of UNIQ YOU, a not-for-profit committed to increasing the number of high-school-aged girls considering STEM-based careers.
- Launched a new sponsorship with Foodbank Queensland and continued our long-term sponsorships of Tangalooma EcoMarines and Orange Sky Laundry.
- Played a key role in the development of an Australian Standard for passive grease arrestors.

### Our focus for 2021/22

- Establish and implement a framework to assess social value, aligned with the United Nations' Sustainable Development Goals.
- Implement the Innovate RAP and prepare the Stretch RAP.
- Continue to progress our five priority expansions:
  - Biosolids pelletisation to incineration
  - Biosolids pyrolysis to biochar
  - Co-digestion, including processing of food/garden organics
  - Beyond-the-meter solutions
  - Off-grid and residential solutions

---

# 10,000+

financially vulnerable customers supported by our UrbanAssist program

---

# 1,100

school students learned about the water cycle at our Beneath the Streets show

---

# 100%

of students and teachers would recommend our Water Warriors show to other schools

# PERFORMANCE AGAINST BUSINESS OBJECTIVES

Business objective	Performance commentary	How we measured our success	
Create societal value through our essential products and services	<ul style="list-style-type: none"> <li>Finalised our Social Value Framework, including overall objectives and reporting requirements.</li> <li>Continued to lead the Cooperate Research Centre project to transform sewage treatment in regional Australia.</li> </ul>	<b>Creation of human, social, financial and natural benefits (\$ social value created)</b> <b>Target:</b> >\$35m <b>Result:</b> Achieved	✓
Enhance community liveability by embracing circular economy practices and protecting the community from emerging contaminants	<ul style="list-style-type: none"> <li>Continued to work with key commercial customers to receive their liquid waste, which is used to increase our generation of electricity and by-products from the treatment process, thereby reducing operational costs.</li> <li>Received initial loads of fats, oils and grease and slurried food waste as part of a commercial co-digestion trial at the Luggage Point Resource Recovery Centre.</li> <li>Commercial opportunities with customers are progressing through the different stages of analysis, design, feasibility and approval.</li> </ul>	<b>Reduction of our cost of treatment through the commercial utilisation of capacity for co-digestion of organic waste</b> <b>Target:</b> >20,000kL of high-strength organic waste under contract and being treated <b>Result:</b> Achieved	✓
Enhance community prosperity and wellbeing by supporting vulnerable customers, minority groups and local business, and by creating employment and education opportunities	<ul style="list-style-type: none"> <li>Continued our involvement with the Thriving Communities Partnership (TCP) Queensland Chapter. The goal of this cross-sector collaboration is for everybody to have fair access to the essential services they need to thrive in contemporary Australia, including utilities, telecommunications and transport.</li> <li>Implemented our new Sponsorship Program, with significant commitments made to the community and hardship.</li> <li>Developed a new Vulnerable Customer Strategy (to replace our existing Hardship Strategy), which we expect to implement in late 2021.</li> <li>Concluded our 'Reflect' Reconciliation Action Plan (RAP) in late 2020 and submitted our annual RAP impact measurement questionnaire to Reconciliation Australia.</li> <li>Submitted our second RAP, 'Innovate', to Reconciliation Australia for endorsement.</li> </ul>	<b>Financial investment leading to measurable community benefits, including health, economic and training outcomes</b> <b>Target:</b> \$500k <b>Result:</b> Achieved <b>Drive reconciliation and improve the economic, health and social opportunities for Aboriginal and Torres Strait Islander people</b> <b>Target:</b> Reflect Reconciliation Action Plan completed and Innovate Reconciliation Action Plan submitted <b>Result:</b> Achieved	✓ ✓

# HIGHLIGHTS & CHALLENGES

## Shaping young minds through our Education Program

This year, we continued to deliver our dedicated Education Program, which sees us teach, partner and share with the school-aged community.

Our Education Program aims to:

- increase water literacy and water-saving behaviours in the younger generation,
- partner with community and environmental leadership programs,
- raise awareness of Urban Utilities in school communities, and
- increase value, trust and respect for our brand.

This year, our program achieved these objectives through the following initiatives:

### TEACH

<b>Water Warriors</b>	In February 2021, we launched our new and improved Water Warriors show, which educates primary-school-aged students and their parents about the water cycle, water conservation and environmental care in a fun and engaging way. Since its launch, the Water Warriors have visited 19 schools and performed at four educational events for over 8,500 viewers. Demonstrating the effectiveness of the show, 100% of students and teachers recommended the show, with all teachers rating it as either "very effective" or "extremely effective" at communicating water-saving behaviours.
<b>Events</b>	Promoting the value of water and water sustainability to the younger generation is very important to us. This year, we hosted or attended 16 educational events to share our key campaigns and water efficiency messages to children and their families.
<b>Beneath the Streets – Street Science</b>	In February 2021, we launched Beneath the Streets, an interactive experience for primary and high school students. The highly successful workshops and shows deliver STEAM-based, curriculum-aligned content about the water cycle, environment and innovation. In just five months, the team has visited 11 schools and engaged with over 1,100 students.

### PARTNER

<b>School Water Conservation Program</b>	We continued to provide schools with smart water meters to help them take control of their water use and drive water-efficient behaviours. Through real-time data and high-use alerts, a number of schools were able to identify hidden leaks or faulty appliances, which ultimately conserved water and saved unnecessary expenses. This year, 17 schools across our service territory were part of our School Water Conservation Program.
<b>Tangalooma EcoMarines</b>	We continued our long-term partnership with the Tangalooma EcoMarines to promote the value of water and explore ways to combat waterway pollution. We supported the EcoMarines ambassadors by hosting school challenges and developing early childhood toilet training materials.

### SHARE

<b>Tours &amp; school visits</b>	In early 2021, we resumed our educational tours of the SAS Laboratory, Innovation Centre and Resource Recovery Centres, after being paused since March 2020 due to COVID-19. Attendees learnt about our latest innovations and how we are turning sewage into valuable resources to benefit the environment and communities. In addition, our industry experts visited nine schools, kindies and universities to share valuable knowledge and support classroom learning.
----------------------------------	---

### **Caring for our financially vulnerable customers**

We are committed to supporting our customers who are most vulnerable. One of the ways we show our support is through our Hardship Program, which helps us identify and manage customers who are experiencing financial difficulty and are struggling to pay their water and sewerage accounts.

This year, as part of our Hardship Program, we continued to offer our UrbanAssist initiative to help ease the financial burden placed on customers as a result of COVID-19. This well-received initiative provides interest-free payment extensions and flexible payment options to those struggling to pay their accounts and, since its launch in April 2020, has aided over 10,000 impacted customers. As at 30 June 2021, over 2,000 customers continued to utilise the service.

Our dedicated Customer Care Officers continued to provide specialist support for other financially vulnerable customers. Our officers treat every customer with fairness, care and integrity, as exemplified by these customer testimonials:

- "Thank you so much for your compassion and understanding at this difficult time. It's a trait that is commendable in the current climate."
- "I am so grateful for your understanding, for giving me time and for 'getting it'. I wish all people were like you (Urban Utilities), as no one has been as understanding. You all have been amazing. Thank you."
- "I am grateful to have this conversation and I am grateful for what Urban Utilities are doing. Thank you for your support."

### **Developing customised and distributed solutions for our commercial customers**

Urban Utilities is proud to have established the capabilities to develop 'behind the meter' solutions to cater for the complex needs of our commercial customers. These capabilities allow us to develop customised solutions to manage specific water and wastewater challenges faced by some of the largest commercial operations in South East Queensland.

In October 2020, we commissioned a first-of-its-kind customised solution project in collaboration with one of our largest commercial customers. An engineering solution was developed in response to the ongoing need to supply water with specific physiochemical properties to support our customer's operations.

The project involved us developing a concept design to address a specific operational requirement. We also supported the detailed design, construction and commissioning of our customer's water treatment asset. The design was based on the practical application of research into more effective water treatment processes, with the research conducted in collaboration with leading universities and other water authorities. The solution was seamlessly incorporated into our customer's existing infrastructure, eliminating costly disruptions and improving the resilience of our customer's operations.

In this particular case, Urban Utilities was appointed to operate and maintain the newly constructed asset on behalf of our customer under a commercial agreement. The operation of the asset is supported by our engineering expertise, remote monitoring and controlling capabilities and the analytical proficiency of the SAS Laboratory.

This is the first commercial customised solution project delivered by Urban Utilities and we look forward to developing and delivering additional solutions to address the complex and unique needs of our various commercial customers.

# HIGHLIGHTS & CHALLENGES

---

## Turning waste into valuable resources

Water utilities have a critical role to play in achieving a circular economy, not only through maximising the value of water resources, but also in terms of the contribution to other sectors through wastewater and organic waste management. By disrupting the linear model of extraction, production, consumption and disposal, Urban Utilities is contributing to minimising waste and creating reusable products for various applications.

We have created two Resource Recovery Centres (RRC) at our largest sewage treatment plants (Luggage Point and Oxley) where we're currently processing sewage, commercial trade waste and liquid organic waste substrates (from our commercial customers) using anaerobic digestion. This process generates three key resources: recycled water, nutrient-rich biosolids and energy-rich biogas.

In 2020/21, we conducted two trials at our RRCs with the purpose of developing commercial services for anaerobic codigestion and biosolids management.

### ***Anaerobic co-digestion***

In addition to the beverage and dairy waste we are already processing, we began trialling anaerobic codigestion with fats, oils and grease (FOG) and slurried food waste at our Luggage Point RRC. When commercialised, this initiative will:

- Process up to 15,000 tonnes per annum of FOG and 50,000 tonnes of food waste per annum over a period of 10 years.
- Enable energy neutrality at the Luggage Point RRC, as each truck generates 5000m<sup>3</sup> biogas or 15MWh electricity for Luggage Point RRC.
- Generate sufficient volumes of downstream products (biogas, biosolids, nutrients) to explore higher-value use options, such as hydrogen from biogas, biochar from biosolids and industrial ammonia from nutrient-rich centrate.

The trials were successfully completed in January 2021, and we are now progressing to commercialisation.

### ***Biosolids management***

Biosolids are the residual solids obtained as part of the anaerobic digestion of sludge to destroy pathogens and meet environmental requirements. Currently, biosolids are dewatered and beneficially re-used as a soil conditioner via application to non-food crops by a third-party contractor.

Driven by the pursuit of environmental leadership and building on the existing operational efficiency gains, we have identified an alternative commercial option called Enerpel™ for biosolids management.

The technology uses a proprietary non-thermal self-drying process to produce pellets with more than 80% dry solids content. Whilst the pellets can be used as a soil conditioner, they have an equivalent calorific value to biomass and can be incinerated at high enough temperatures to destroy contaminants, which is becoming a limiting factor for ongoing land application.

A world-first trial to demonstrate the commercial viability of the technology is currently underway at our Luggage Point RRC.

## Advancing on our reconciliation journey

We are committed to driving reconciliation and improving economic, health and social outcomes for Aboriginal and Torres Strait Islander peoples.

In December 2020, we completed our 'Reflect' Reconciliation Action Plan (RAP) and submitted our first RAP Impact Measurement Questionnaire to Reconciliation Australia.

By delivering the initiatives detailed in our Reflect RAP, we have improved our understanding of and strengthened our relationships with Aboriginal and Torres Strait Islander communities. In 2020/21, we:

- Identified key Aboriginal and Torres Strait Islander stakeholders and organisations within our service territory.
- Reviewed our HR policies and procedures to encourage a constructive culture, where discrimination is not tolerated.
- Launched Cultural Capability and Awareness Learning Modules for our leaders and employees. These modules provide great insight into the rich culture and history of Aboriginal and Torres Strait Islander peoples and how we can recognise and respect the contribution that they have made, and continue to make, to our community.
- Re-named meeting rooms at a number of Urban Utilities sites. The new names were chosen in consultation with the RAP Working Group to recognise some of the sacred sites, animals and vegetation within our service region. New names include Warra, meaning 'expanse of water', and Boondall, meaning 'crooked creek'.

Our second RAP, 'Innovate', was developed in late 2020/21 and is currently with Reconciliation Australia for endorsement. We expect to launch the RAP in Q1 of 2021/22.

## Developing an Australian standard for passive grease arrestors

For our Trade Waste team, it is fundamental that our food service business customers have correctly sized grease arrestors installed. A grease arrestor (or grease trap) is a device designed to intercept most greases and solids before they enter the sewerage network. Arrestors that are too small are ineffective, and those that are too large incur unnecessary costs for the customer.

In the absence of an Australian Standard for the design, manufacture, performance, installation and operation of grease arrestors, there is no uniformity, and this has led to individual authorities developing a confusing array of local policies.

In 2018, WSAA (Water Services Association of Australia) recognised the need for consistency in sizing, and subsequently developed the WSAA Food, Fat, Oil and Grease (FOG) Guidelines, which include three optional sizing methodologies. While the guidelines were a welcome development, but a comprehensive Australian Standard was still required.

As a necessary next step, WSAA sponsored the development of an Australian Standard (known as AS 5215 Passive Grease Arrestors) and, in partnership Standards Australia, established Working Group WS-042 for the purposes of investigating and drafting the new standard.

In recognition of Urban Utilities' lobbying and leadership in respect to this project, our Manager of Commercial Water and Trade Waste, Colin Hester, was appointed Chair of Working Group WS-042 to lead representatives of water utilities, manufacturers, regulators and plumbing organisations in drafting the standard for public consultation in late May 2021.

The completed standard will provide a consistent Australian approach to the design, manufacture, selection and use of passive grease arrestors, and will be used by:

- manufacturers to guide design and demonstrate the qualities of their product;
- hydraulic consultants, plumbers and engineers to select appropriate arrestors for use;

- owners and occupiers of premises that generate greasy wastewater to understand and meet their responsibilities with respect to grease arrestors; and
- water authorities to establish clear, consistent and efficient requirements for the protection of sewerage networks and treatment systems from the negative effects of FOG and solids accumulation.

Following the public consultation period, the standard will be subject to ballot, with publication expected around December 2021.

## Supporting local causes that enrich quality of life

Each year, Urban Utilities is proud to support a range of community organisations and events through our Sponsorship Program.

All sponsorship initiatives provide an opportunity for us to strengthen our relationship with our customers and local communities by collaboratively working towards our purpose: to enrich quality of life.

This year, we began sponsoring two new initiatives:

- We launched a 12-month sponsorship of Foodbank Queensland, with our funds supporting school breakfast programs and charities in Ipswich, Lockyer Valley, Scenic Rim and Somerset. Since the start of the COVID-19 crisis, Foodbank has recorded a 47% increase in demand for food relief, highlighting the importance of the services it delivers. As well as providing hunger relief for our vulnerable communities, Foodbank also redirects or repurposes millions of kilograms of food from landfill every year.
- We became the first foundational sponsor of UNIQ YOU, a Queensland-based not-for-profit committed to increasing the number of high-school-aged girls considering or pursuing roles within industries currently under-represented by women. Through this program, we will connect young women with Urban Utilities' female leaders in STEM-based roles.

We also continued our long-term sponsorship of Tangalooma EcoMarines, an environmental education program aimed at developing young people's leadership skills, and Orange Sky Laundry, the world's first free mobile laundry service for the homeless.



# DELIVERY OF STRATEGIC INITIATIVES

## PERFORMANCE CULTURE

### Project objective:

Develop a culture, led by Urban Utilities' leaders and aligned with the organisation's purpose, vision, brand and values, that drives individual and business performance and ultimately delivers enhanced experiences for our people, our customers and our communities.

### Strategic Goals supported:

- Constructive Culture
- Foundational Success

### Performance summary:

- Developed a Brand Strategy incorporating customer and employee insights. The draft strategy is currently being circulated for employee feedback.
- Developed a new suite of organisational values, which is currently being tested with employees.
- In collaboration with FUJIFILM Business Innovation, we developed and implemented an improved digital billing experience for our customers.
- Used customer insights to inform a range of continuous improvement initiatives, including responsive maintenance customer communications.
- Launched and embedded Joyous, an employee feedback tool that encourages open feedback and allows leaders to address issues at an individual and team level.

### Status:



## HEALTH & SAFETY

### Project objective:

Ensure the health, safety and wellbeing of Urban Utilities' workforce by delivering the necessary systems, maintaining the required culture, and empowering our people. This will ensure we can continue to engage in the essential work to supply drinking water, recycled water and sewerage services that support our customers and our communities.

### Strategic Goals supported:

- Constructive Culture
- Foundational Success

### Performance summary:

- Completed a review of our draft Health, Safety and Wellbeing Operating Model, with organisational design now underway.
- Completed process safety hazard identification workshops at major sewage treatment plants.
- Completed Better.Together leadership onboarding and developed wellbeing action plans.

### Status:





## TARGET OPERATING MODEL

### Project objective:

Re-design our operating model to enable effective delivery of our *2024 Statement of Strategic Intent*.

### Strategic Goals supported:

- All

### Performance summary:

- Overall, strong progress was made across the program, with each group making headway in their design process and implementation of changes.
- Conducted an enterprise survey, which gauged the status of change readiness amongst our people and our progress against success measures. Based on employee feedback, we introduced monthly communications campaigns and stood-up three focus groups to address the challenges of breaking down silos, streamlining decision-making and simplifying processes.
- Strong progress was made by all three focus groups, with our Executive Leadership Team supporting proposed improvement actions.

### Status:



## DIGITAL STRATEGY

### Project objective:

Uplift digital capabilities across the organisation to improve customer and employee experience, provide proactive and real-time monitoring of performance and operational efficiencies.

### Strategic Goals supported:

- Constructive Culture
- Foundational Success

### Performance summary:

- Delivered and embedded our new Enterprise Asset Management Solution – our most significant digital transformation to date.
- Delivered several projects to support a hybrid digital workforce, including the introduction of soft phones and Microsoft Teams-enabled meeting rooms. We also migrated Microsoft Outlook to the cloud for improved usability and resilience.
- Launched UrbanHQ, our new people system that provides an uplift in our workforce planning and management capability.
- Introduced the new web-based Emergency Management System.
- Continued to deliver our SCADA project, the aim of which is to uplift our physical and digital capabilities to monitor and control our entire water and sewerage network.
- Further developed our CRM solution to deliver efficient and effective customer engagement outcomes.

### Status:



# DELIVERY OF STRATEGIC INITIATIVES

## BILLING TRANSFORMATION

### Project objective:

Transform our customer account management proposition through simpler billing and pricing, payment channels of choice, better ways of working, and a focus on digital uplift.

### Strategic Goals supported:

- Foundational Success

### Performance summary:

- Completed the first critical phases of introducing Simpler Billing to the remaining regions of Brisbane, Ipswich and Scenic Rim. For most customers, the time frame between their meter being read and a bill produced is now around seven days, and for all customers, access charges are now in arrears rather than being charged in advance.
- The Simpler Pricing initiative, effective 1 October 2021, will simplify and harmonise our suite of non-residential tariffs. Commenced customer communications and engagement, and internal business systems and processes are on track for implementation.
- In collaboration with FUJIFILM Business Innovation, we developed and implemented an improved digital billing experience.

### Status:



## ENTERPRISE PERFORMANCE

### Project objective:

Achieve financial sustainability through the delivery of our *2024 Statement of Strategic Intent* and drive future business performance

### Strategic Goals supported:

- Foundational Success

### Performance summary:

- Full year financial results target achieved for 2020/21.
- Finalised 2022-26 budget and future year forecasts.

### Status:



## SOCIAL VALUE

### Project objective:

Operate in an ethical and sustainable manner, deliver products and services to our customers and deliver a positive impact on society to build trust and support long-term performance.

### Strategic Goals supported:

- Foundational Success
- Environmental Leadership
- Social & Economic Value

### Performance summary:

- The Social Value strategic initiative continues to evolve and be refined. This year, we finalised our Social Value Framework, which includes overall objectives and reporting requirements.
- Developed a new Vulnerable Customer Strategy (to replace our existing Hardship Strategy), which will be implemented in late 2021.
- Concluded our 'Reflect' Reconciliation Action Plan (RAP) in late 2020 and submitted our annual RAP impact measurement questionnaire to Reconciliation Australia.
- Submitted our second RAP, 'Innovate', to Reconciliation Australia for endorsement.

### Status:



## SERVICING STRATEGY

### Project objective:

Implement a circular approach to recycling and reusing our valuable water resources to ensure our water supply remains secure and able to support our growing communities into the future.

### Strategic Goals supported:

- Foundational Success
- Environmental Leadership
- Social & Economic Value

### Performance summary:

- Successfully developed and applied our new integrated catchment planning approach across four major sub-catchments in Brisbane and Ipswich, demonstrating a significant shift toward an evidence-based approach to planning and solution development supported by calibrated modelling.
- For two catchments, the second phase of solution development and detailed design will commence in mid-2021.
- Challenges relating to higher-than-expected complexity and state planning dependencies were encountered for two of the catchments. Solution development and design of alternative approaches will continue through the second half of 2021.

### Status:



## ASSET MANAGEMENT

### Project objective:

Enable sustainable service delivery through optimised planning and management of assets to achieve the right balance between cost, risk and performance for our customers.

### Strategic Goals supported:

- Constructive Culture
- Foundational Success
- Environmental Leadership

### Performance summary:

- Completed a review of our Enhanced Condition Assessment Program, the findings from which will inform the next phase of program development.
- Developed risk models, investment prioritisation tools and 10-year renewal strategies for water mains, sewer mains and sewage rising mains.

### Status:



## PROGRAM MANAGEMENT APPROACH

### Project objective:

Implement an integrated, program-based, benefits-driven approach to capital investment.

### Strategic Goals supported:

- All

### Performance summary:

- Our PMA model achieved full implementation this year. We now have a contemporary, integrated and collaborative multi-year program management delivery model that has vastly improved the foundation of our investment decisions and is seeing us deliver the right projects at the right time for the benefit of our customers and communities. To date, our PMA has delivered more than \$100 million in savings through improvements in efficiency, performance and accountability.

### Status:



# CHAPTER 4: CORPORATE GOVERNANCE

---

We are committed to good governance and have a framework in place that provides a sound basis for decision-making, to define mechanisms for accountability, and to support our strategic direction.

We are committed to a high level of corporate governance and to fostering a culture that values ethical behaviour, integrity and respect.

Our corporate governance framework and processes ensure accountability and transparency, and promote quality leadership, effective people management, and efficient and ethical use of our resources. Our governance structure on the opposite page incorporates our shareholders, Board, Board committees, Executive Leadership Team and executive advisory groups. This chapter will explore each of these components in detail.

It will also discuss our strategic planning approach, our approach to infrastructure planning, delivery and maintenance, and the assurance programs we have in place.

Our reporting approach has been guided by the *ASX Corporate Governance Council's Corporate Governance Principles and Recommendations*.

# OUR GOVERNANCE STRUCTURE



\*Internal Audit reports directly to the Audit and Risk Committee.

^Replaced by the Experience and Safety Committee, effective June 2021.

# OUR SHAREHOLDERS

---

Our shareholders are the councils of Brisbane, Ipswich, Lockyer Valley, Scenic Rim, and Somerset. In accordance with the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009*, Urban Utilities formed an agreement (the "Participation Agreement") with its participating local governments (our shareholders) when it formed in July 2010.

The Participation Agreement outlines the responsibilities and obligations of Urban Utilities and its participating local governments. It includes, but is not limited to: the participation rights of each shareholder; decision making and dispute resolution; the role, composition, appointment, remuneration and powers of the Board; Board meetings; corporate (strategic) planning; reporting; and profit distribution.

Our Participation Agreement is available on our website.

# OUR BOARD

## ROLE OF THE BOARD

The Urban Utilities Board comprises eight independent, non-executive members, including the Chair. The appointments were made in accordance with the provisions of the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009*.

The Board's role includes deciding the strategies and the operational, administrative and financial policies to be followed. The Board also ensures that we perform our functions and exercise our powers in a proper, effective and efficient manner, and that we comply with planning and reporting requirements.

The Board's role and responsibilities are set out in the Board Charter, and include, but are not limited to:

- Deciding on our direction, strategies and financial objectives, and ensuring appropriate resources are available.
- Establishing and maintaining our corporate strategies and monitoring their implementation.
- Establishing and monitoring a framework to assess compliance with legislation and government policy.
- Establishing and monitoring a framework to ensure compliance with control and accountability systems, regulatory requirements and ethical standards.
- Establishing and monitoring a framework to ensure that appropriate risk management systems are in place and are operating effectively.
- Informing and approving our business plans and capital investment plans.
- Determining tariffs and pricing.
- Establishing and monitoring a framework to ensure the preparation of accurate financial reports and statements.

- Approving the terms and conditions of major contractual relationships.
- Appointing the Chief Executive Officer and Executive Leadership Team.
- Monitoring performance of and setting remuneration of the Chief Executive Officer.
- Reporting to shareholders on the performance and state of the business.

To discharge its obligations and responsibilities, the Board operates to an authorities and delegation instrument, which describes the powers vested in and reserved by the Board.

Outside of these reserved powers, the Chief Executive Officer has the authority to manage and oversee the day-to-day operations and activities of Urban Utilities.

In accordance with the provisions set out in the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009*, the Chief Executive Officer can sub-delegate some of her powers to employees through an instrument of sub-delegation.

## CONFLICT OF INTEREST

The Board is acutely aware of its members' obligations to avoid conflicts of interest between their duties to Urban Utilities and their personal interests.

A Conflicts of Interest policy has been in place for the duration of the reporting period.

The policy sets out the obligation of Board members to declare any material interests relevant to the activities of Urban Utilities, and to ensure that conflict arising from any material interest is noted and managed in accordance with the policy.

# OUR BOARD MEMBERS

---

Our Board comprises eight independent, non-executive members who are responsible for setting and overseeing our strategic direction.

**BRONWYN MORRIS AM** (CHAIR)  
**B.Com, FCA, FAICD**

Bronwyn was appointed to the Urban Utilities Board in July 2017.

She is a professional non-executive director with extensive experience in the ASX-listed, public, private, government and not-for-profit sectors spanning a range of industries, including infrastructure, energy, financial services, retail and managed services.

Bronwyn currently serves on the boards of RACQ, RACQ Insurance, RACQ Bank, Collins Foods Limited, Dalrymple Bay Infrastructure Limited and Menzies Health Institute Queensland. She is chair of the RACQ Foundation.

Bronwyn is a Chartered Accountant and former partner of KPMG.

**JOHN COTTER**  
(DEPUTY CHAIR)  
**BRTP, M (Applied Finance), GAICD, FAIM**

John was appointed to the Urban Utilities Board in January 2014.

John is the CEO of Initiative Capital, a private venture capital firm in alternative infrastructure assets.

He serves on the major investment boards and as the Managing Director of Bowen River Utilities, which is developing a large-scale dam and pumped hydro project.

He also serves on the boards of Phosphate International and the Brisbane Powerhouse, and is councillor of the Royal National Agricultural and Industrial Association of Queensland (RNA).

**MARK GRAY**  
**D.Univ, B.Econ (Hons), Sf Finsia, FAICD**

Mark was appointed to the Urban Utilities Board on 1 July 2019.

Mark is a highly experienced Company Director. He is currently Chair of Sugar Terminals

Limited and Tailored Superannuation Solutions. He is also a Non-Executive Director of Data#3, genomiQa, the Royal Flying Doctor Service (Queensland Section and Foundation) and Queensland Cricket.

Mark has also had a distinguished executive career, primarily in financial and economic services. He has held Chief Executive roles with the Queensland Treasury Department, the Queensland Competition Authority and the Queensland Commission of Audit, as well as senior executive roles with the Macquarie Group and BDO.

**KATHY HIRSCHFELD AM**  
**B.E. (Chem), HonFIEAust, FTSE, FIChemE, FAICD**

Kathy was appointed to the Urban Utilities Board on 1 January 2019.

She is an experienced Non-Executive Director of listed and government companies spanning a variety of industries, including manufacturing, utilities and oil and gas. Her expertise encompasses engineering, business management, safety and risk, mergers and acquisitions, logistics and organisational culture.

Kathy is currently Chair of Powerlink Queensland and a Non-Executive Director of Central Petroleum Ltd.



**BRUCE LESLIE**  
**DEngBE (Hons),**  
**MEngSc, DEng, RPEQ,**  
**FIEAust, FAIE, MAICD**

Bruce was appointed to the Urban Utilities Board on 1 July 2018.

Bruce has worked as a consulting mechanical engineer for over 30 years, specialising in the commercialisation of innovation. He managed and grew his mining equipment consultancy from foundation through to its acquisition by CQMS Razer 25 years later. Since leaving CR in 2018, he has been working as an engineering manager on a concentrated solar thermal power project.

In 2019, Bruce was awarded a Doctorate in Engineering from the University of Queensland.

Bruce's term concluded on 30 June 2021.

**JULIE-ANNE**  
**SCHAFER**  
**LLB (Hons), FAICD,**  
**ANZIIF**

Julie-Anne was appointed to the Urban Utilities Board on 1 July 2018.

She has extensive directorship experience across a range of sectors, including financial services, infrastructure, health, energy and transport.

Julie-Anne is currently President of the National Competition Council and a Non-Executive Director of CS Energy and AvSuper.

Prior to being a professional director, Julie-Anne was a legal partner specialising in commercial and insurance matters for 25 years.

**PHILLIP**  
**STRACHAN**  
**B.Com, FCPA, MAICD**

Phillip was appointed to the Urban Utilities Board on 1 July 2019.

Phillip has held a number of executive roles over a 35-year career with the Rio Tinto Group, including the Chief Executive Officer of the global Bauxite and Alumina business based in Brisbane and Chief Financial Officer at the Rio Tinto global aluminium product group based in Montreal.

He is currently Chair of Coal Network Capacity Co, on the Board of the Great Barrier Reef Foundation and is a member of Sunshine Coast University's Audit and Risk Committee and Planning and Resources Committee.

**GRAHAM**  
**THOMSEN**  
**MPhil (Engineering),**  
**RPEQ, CPEng, MAICD**

Graham was appointed to the Urban Utilities Board in September 2016.

He has practiced civil engineering with a specialty in water management for over 40 years. As a professional adviser, Graham has worked with State and Local Government bodies in all aspects of strategic planning, governance and management of water and wastewater systems.

Graham is currently the chairman of Verterra Ecological Engineers and chairman of the recruitment company Leading Roles.

# OUR BOARD COMMITTEES

---

The Board has four sub-committees to assist in the execution of its duties. Each committee operates to a charter, which sets out its roles and responsibilities, composition, structure, membership requirements, and the manner in which it is to operate.

A summary of attendance of Board members at committee meetings is set out in the table on page 83.

## AUDIT AND RISK COMMITTEE

In 2020/21, the Audit and Risk Committee included Julie-Anne Schafer (Chair), John Cotter, Mark Gray, Phillip Strachan and Bronwyn Morris (Chair Ex-Officio). The executive sponsor was Mark Letica.

The role of the Audit and Risk Committee is to provide advice to the Board on the suitability of our accountability and control framework.

As per its charter, the committee's responsibilities include, but are not limited to:

- Reviewing our risk assessment and management framework.
- Evaluating our procedures to ensure we comply with laws and regulation.
- Reviewing our business contingency planning framework.
- Reviewing and endorsing our internal audit program.
- Reviewing internal audit reports.
- Overseeing the adequacy of our accounting internal control system.
- Reviewing external audit reports.
- Reviewing continuous assurance reports.
- Reviewing our insurance program.

The Audit and Risk Committee has observed the terms of its charter and has had due regard for the Queensland Treasury's Audit Committee Guidelines.

## FINANCE AND PRICING COMMITTEE

In 2020/21, the Finance and Pricing Committee included John Cotter (Chair), Graham Thomsen, Bruce Leslie, Mark Gray and Bronwyn Morris (Chair Ex-Officio). The executive sponsor was Ruth Coulson.

The role of the Finance and Pricing Committee is to provide advice to the Board on the suitability of our capital, finance and pricing approaches, requirements and recommendations.

As per its charter, the committee's responsibilities include, but are not limited to:

- Reviewing the short- and long-term funding arrangements, debt profile and capital structures.
- Working with rating agencies, including the Queensland Treasury Commission, on credit ratings.
- Establishing and managing Queensland Urban Utilities' pricing strategy, pricing principles and framework.
- Reviewing long-term regulatory framework development and Queensland Competition Authority reviews.
- Reviewing the annual budgeting process, including assumptions for operating and capital expenditure.
- Reviewing revenue strategies.
- Reviewing the Participation Return policy.

## PEOPLE AND SAFETY COMMITTEE\*

In 2020/21, the People and Safety Committee included Kathy Hirschfeld (Chair), Julie-Anne Schafer, Phillip Strachan and Bronwyn Morris (Chair Ex-Officio). The executive sponsor was James Dymock.

The role of the People and Safety Committee is to provide advice to the Board to ensure we have people who are safe, adaptable, capable, and are committed to achieving our vision and living our values.

As per its charter, the committee's responsibilities include, but are not limited to:

- Promoting a culture of safe and accountable behaviour.
- Assessing and monitoring safety compliance and assurance.
- Reviewing and recommending employee performance KPIs.
- Establishing appropriate human resource strategies and policies.
- Embedding a culture that supports the successful delivery of our strategic objectives.
- Reviewing and recommending industrial agreements.
- Recommending to the Board the appointment or termination of the Chief Executive Officer.
- Recommending to the Board final and preferred candidates or terminations for Executive Leadership roles reporting to the Chief Executive Officer.

*\*The People and Safety Committee was replaced by Experience and Safety Committee, effective June 2021.*

- Reviewing the performance results of the Chief Executive Officer and her direct reports and recommend remuneration and financial incentive outcomes to the Board.
- Reviewing and recommending major organisational structure changes proposed by the Chief Executive Officer, including major changes to the accountabilities of positions reporting directly to the Chief Executive Officer.

In June 2021, the People and Safety Committee was replaced by the Experience and Safety Committee. Its purpose is to fulfill its governance responsibilities and due diligence in relation to health and safety, and people, customer and community experience strategies, obligations, performance and culture.

## STRATEGIC ASSET MANAGEMENT COMMITTEE

In 2020/21, the Strategic Asset Management Committee included Graham Thomsen (Chair), John Cotter, Kathy Hirschfeld, Bruce Leslie and Bronwyn Morris (Chair Ex-Officio). The executive sponsor was David Brooker.

The role of the Strategic Asset Management Committee is to provide advice to the Board on our asset management strategies, policies and systems.

The scope of the committee includes all material capital investments (water, sewerage and ICT activities).

As per its charter, the committee's responsibilities include, but are not limited to:

- Understanding the performance of systems and associated project, network and infrastructure risks, and ensuring that critical project, network and infrastructure risks are mitigated.
- Reviewing the capital delivery program, focusing on major projects and significant variance to the program delivery.
- Reviewing long-term strategic asset management planning with a five-to-10 year view.
- Reviewing and ensuring compliance with relevant statutory and environmental responsibilities, and customer service standards.
- Reviewing our five-year plan on an annual basis to ensure it is still relevant and economical.
- Reviewing the ICT Strategy and Roadmap.
- Keeping abreast of domestic and international innovation, including any new products and strategies that may benefit our operations.

Board member meeting attendance										
Member	Ordinary Board		Audit & Risk Committee		Finance & Pricing Committee		People & Safety Committee*		Strategic Asset Management Committee	
	H	A	H	A	H	A	H	A	H	A
Bronwyn Morris	11	11	4	4	5	4	5	4	5	5
John Cotter	11	10	4	4	5	4			5	5
Mark Gray	11	11	4	4	5	5				
Kathy Hirschfeld	11	11					5	5	5	4
Bruce Leslie	11	11			5	5			5	5
Julie-Anne Schafer	11	10	4	4			5	5		
Phillip Strachan	11	11	4	4			5	5		
Graham Thomsen	11	11			5	5			5	5

# OUR EXECUTIVE LEADERSHIP TEAM

---

Our Executive Leadership Team is responsible for the deployment of strategy and the day-to-day service delivery and operations of Urban Utilities.

## **LOUISE DUDLEY**

CHIEF EXECUTIVE OFFICER

**BCom, CA, GAICD,  
ComplEAustEngExec**

Louise was appointed Chief Executive Officer of Urban Utilities on 1 July 2012. Louise previously held the role of Chief Financial Officer.

During her time as Executive Manager Water Retail at Brisbane City Council, Louise played an integral role in the creation of Urban Utilities, which involved transitioning five local authority water businesses into a single entity.

Prior to joining Brisbane City Council, Louise spent 17 years with leading accounting and advisory firm KPMG and in a senior role with PresCare.

Louise's core competencies include enterprise strategy development, business transformation, organisational performance, complex stakeholder management, culture and innovation, financial management and customer and community relations.

## **DAVID BROOKER**

EXECUTIVE LEADER SERVICE  
DELIVERY

**BE (Chem)**

David is responsible for Urban Utilities' network operations, network maintenance, billing and metering.

A qualified chemical engineer with over 20 years' experience, David has a demonstrated track record in building and leading teams to deliver exceptional safety, public health, customer service, environmental and commercial outcomes.

Preceding his Executive role at Urban Utilities, David held the roles of Production Manager and Manager Strategy and Planning. Prior to this, he held several senior management roles within the water industry, including Chief Operating Officer Water & Waste at Mackay Regional Council.

David's core competencies include operations management, strategic planning, risk management, business transformation, leadership and corporate governance.

## **CHRIS BULLOCH**

EXECUTIVE LEADER INTEGRATED  
SOLUTIONS

**MEng(Civil), MEng (Mgt),  
MEng(Env)**

Chris is responsible for the functions of strategy and planning, systems planning, asset management, portfolio investment and infrastructure delivery.

A planning, engineering and construction professional with over 28 years' experience, Chris has successfully led major engineering and construction companies and delivered key infrastructure projects in the transport, power and utility sectors.

Notably, as an Executive, Chris has played a leading role in the planning and delivery of Mega Projects, including the NSW Water Security Program, the Adelaide Desalination Project and the SEQ Water Grid.

Chris's core competencies include business transformation, leadership and culture, regional shaping and liveability, financial management, complex commercial transactions and complex engineering and construction management.

### **RUTH COULSON**

CHIEF FINANCIAL OFFICER  
**B.Com, CA, GAICD**

Ruth is responsible for Urban Utilities' financial activities, regulation, pricing and procurement functions. Collectively, these functions champion, safeguard and drive customer, community and shareholder value.

She has a background in finance, operations, capital management, and major transformation and change initiatives.

Ruth previously held senior leadership roles at Aurizon Limited. She has worked in both Australia and internationally in listed businesses with a strong focus on sound financial reporting, long-term financial strategy, risk and governance and external reporting obligations.

Ruth's core competencies include financial governance and risk, business transformation and capital management and optimisation.

### **JAMES DYMOCK**

CHIEF EXPERIENCE OFFICER  
**BA (Psych), Grad Dip HRM & IR**

James is responsible for leading Urban Utilities' Experience Group to drive integration and continuous enhancement of the Urban Utilities experience for our people, customers and communities. Within the Experience portfolio, James oversees the core divisions of health, safety and wellbeing, people experience, customer and community experience and experience performance.

Prior to joining Urban Utilities, James held senior leadership roles with The Star Entertainment Group, Virgin Australia and Toyota Australia, with a focus on brand, people and culture, customer experience, service excellence, business transformation, employee relations and safety.

James's core competencies include brand, people and customer strategy, people leadership, organisation and culture change, communications and engagement, business performance and continuous improvement, human-centred design, and innovation.

### **IAN HALL**

EXECUTIVE LEADER  
COMMERCIAL CUSTOMERS  
**BEng (First Class Honours),  
GAICD, MIEEE**

Ian is accountable for Urban Utilities' industrial partnerships, key commercial relationships, SAS Laboratory, trade waste and environmental services and treatment operations, as well the development of new commercial opportunities.

An experienced company executive, Ian has held senior positions with a number of multinational organisations, including Telstra, Boeing and Verizon.

Ian's core competencies include customer relations, strategic growth and leadership.

Ian retired from Urban Utilities on 2 July 2021.

# OUR EXECUTIVE LEADERSHIP TEAM (CONT'D)

---

## **MARK LETICA**

EXECUTIVE LEADER CORPORATE AFFAIRS

**BCom, GAICD**

Mark is responsible for Urban Utilities' strategic planning, corporate reporting, corporate records and publications functions.

He is also responsible for public relations and media, internal audit, assurance and corporate property, as well as innovation, research and development, and shareholder relations.

In 2020/21, Mark continued to lead Urban Utilities' COVID-19 Program Management Office.

Mark previously held roles within both public and private sectors and was Program Manager for the establishment of Urban Utilities.

Mark's core competencies include stakeholder and shareholder management, leadership and culture, innovation and complex program management.

## **TRACEY MOORE**

GENERAL COUNSEL AND BOARD SECRETARY

**BA LLB (Hons), MA (Hons), GAICD, AGIA**

Tracey is responsible for the provision of the legal, insurance, risk and resilience management functions at Urban Utilities.

She is also the Board Secretariat, and oversees the development, implementation and management of the organisation's land access and tenure services. Tracey has significant experience in infrastructure delivery, regulatory compliance, and procurement in both the public and private sectors. Tracey is also an experienced probity advisor.

Tracey's core competencies include people management, legal acumen and creativity and corporate governance.

## **SHAUN NESBITT**

CHIEF DIGITAL AND INFORMATION OFFICER

**BSc, MBA, TOGAF, MAICD**

Shaun is responsible for leading all aspects of Urban Utilities' information, technology and digital capabilities.

A skilled digital and technology executive, Shaun has over 20 years' experience in delivering innovative, customer-focused and system-wide digital transformation.

Shaun has previously held executive roles within the public and private sectors, both locally and internationally. Most recently, he held the role of Chief Information Technology Officer at Health Support Queensland.

Shaun's core competencies include digital transformation, people management, strategy development and implementation, digital governance and risk management.

# OUR EXECUTIVE ADVISORY GROUPS

---

During 2020/21, we had eight advisory groups assisting the Executive Leadership Team to fulfil its responsibilities.

Each group operates under a charter, which sets out its roles and responsibilities, composition, structure, membership requirements, and the manner in which it is to operate.

## ADVANCED SOLUTIONS BOARD

The Advanced Solutions Board ensures that new business opportunities are balanced appropriately with the considerations of the core operating business and that investments are made in accordance with risk and opportunity frameworks developed for expansionary initiatives.

## CUSTOMER EXPERIENCE COUNCIL

The Customer Experience Council provides a forum for executive leaders to review customer analytics, survey feedback and trends, and discuss and prioritise strategic customer experience opportunities and challenges.

## EXECUTIVE RISK COMMITTEE

The purpose of the Executive Risk Management Committee is to identify, assess and manage risks that are material to the achievement of Urban Utilities' business and corporate objectives. It also provides oversight across all business groups to ensure that risk management activities are embedded into business practices.

## EXECUTIVE WATER SECURITY COMMITTEE

The purpose of the Water Security Executive Committee is to provide high-level leadership, direction and information-sharing with regards to Urban Utilities' water security activities. The Committee provides updates on the current water security status in SEQ, reviews the progress of the delivery of key water security and drought response actions, and tables any topical water security issues that require direction or endorsement.

## ICT PORTFOLIO BOARD

The ICT Portfolio Board oversees the planning, prioritisation and delivery of the Board-approved information and communications technology vision and roadmap. The ICT Portfolio Board reviews program and project progress for the current year, oversees the governance of the portfolio, and provides input into the prioritisation and funding of the future years of the portfolio.

## INVESTMENT COMMITTEE

The purpose of the Investment Committee is to review the five-year Capital Investment Plan (CIP), review progress of delivery of the capital program, review Infrastructure Master Plans and Asset Management Plans, approve the entry of new major (\$5 million+) or significant projects into the CIP, review the feasibility of major projects, and review close-out reports.

## PROCUREMENT ADVISORY GROUP

The Procurement Advisory Group provides governance for the procurement process as well as the application of procurement policy. The group reviews submissions and provides advice on high risk and/or high value procurement activities and forward plans at each stage of the procurement process.

## STRATEGIC SAFETY GROUP

The purpose of the Strategic Safety Group (SSG) is to maintain a strategic approach to our responsibilities under the Work Health and Safety Act 2011. The SSG is also the final decision point for any safety issues that cannot be resolved by our line safety committees, are of a strategic nature or are beyond the authority of the committees to resolve.

# OUR PLAN FOR THE FUTURE

## OUR STRATEGIC PLANNING PROCESS

Utilising an approach endorsed by the Australian Institute of Company Directors, our strategic planning process starts with a scan of the trends impacting our operating environment. The results are used to determine and assess key trends and drivers that could influence our future direction.

In 2021, we thoroughly reviewed the following external trends and considered their implications on our organisation.

External trend	
<b>The evolving expectations of our customers and community</b>	We recognise that the needs and expectations of our customers and community continue to evolve, which is something the water and sewerage industry has experienced throughout history. Initially, our industry was formed to cater for the public health needs of growing urban populations. Our role then expanded to help protect of our receiving environments. Today, there is an expectation for us to play an increased role in supporting the ongoing liveability of our society.
<b>Population growth and a changing urban form</b>	Prior to the travel restrictions associated with the COVID-19 pandemic, the population of our region was expected to grow by two million people over the next 25 years. This growth would have driven the need for almost 30,000 new dwellings each year. It is expected that much of this growth will be facilitated within our existing urban footprint, through a combination of high-density infill developments close to the Brisbane CBD and other major centres and transport links. In surrounding local government areas, it was expected that this growth would be facilitated through 'green field' low-density residential developments, either close to existing towns or in new master-planned communities.
<b>Our changing climate and environment</b>	Our natural environment and ecosystem sustain our society, supporting our quality of life, water and food security, and our regional economy. Our growing population and industry continue to place pressure on our receiving environment, mainly through our contributions to nutrients, sediments and pollutants in our waterways. While our waterways have a range of natural ecological processes that can manage through these contributions, their ability to cope with our growing impacts is under increasing pressure from a changing climate.
<b>A rapidly changing technology landscape</b>	<p>The speed of the research, development and implementation of new technologies and methods is continuing to accelerate. The extent and pace of this change is likely to have wide-reaching implications across almost all industries, impacting how economies function and society interacts.</p> <p>Within the last decade, significant advancements have been made in the collection, storage and analysis of the vast volumes of data now able to be collected from every facet of our world. It is expected that automation and machine learning will play an increasing role in the decisions our organisations make.</p> <p>Technology enables new types of products and services, but also creates new types of business models that can significantly disrupt incumbent industries.</p>

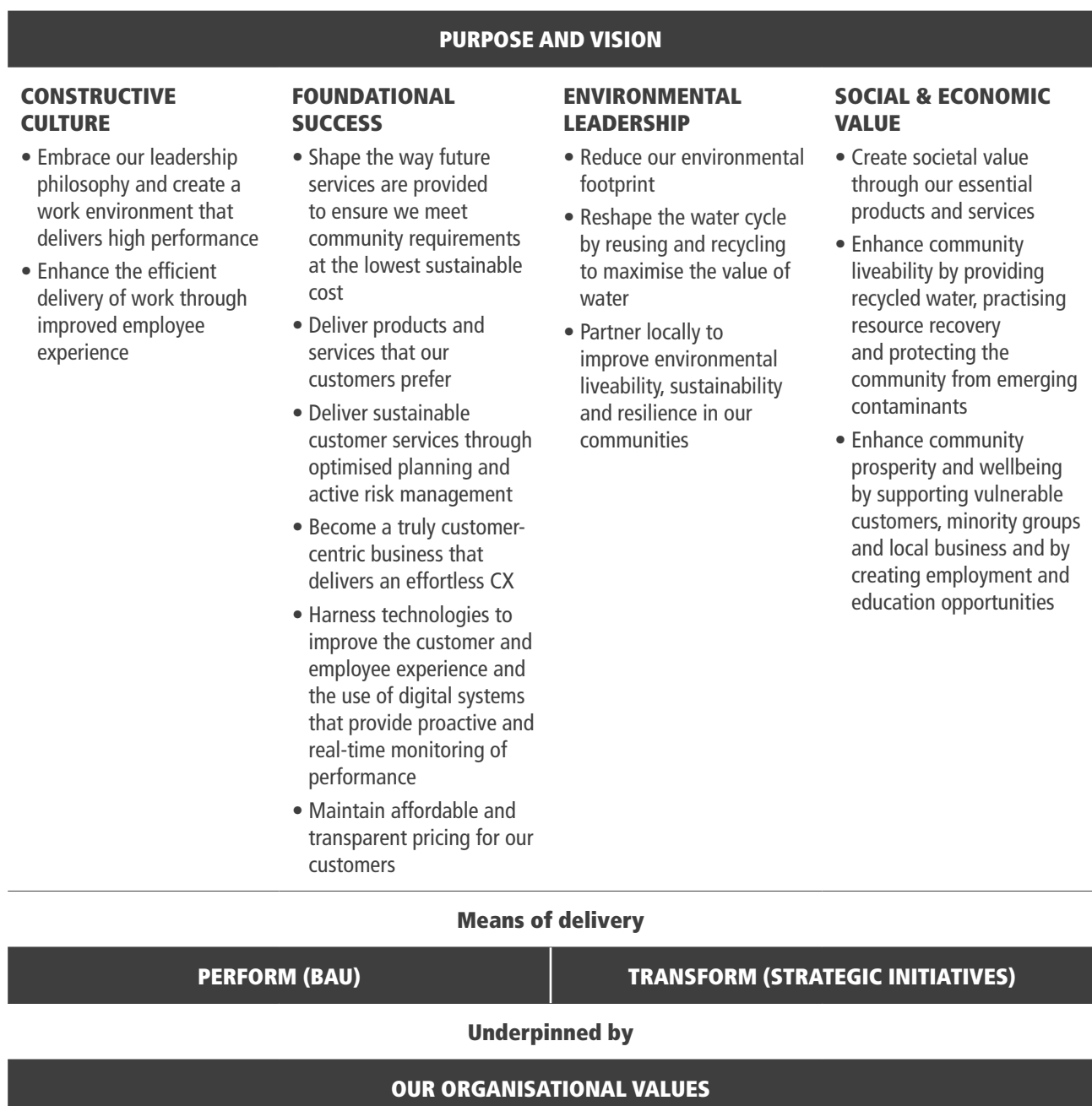


## OUR STRATEGIC INTENT

As at 1 July 2019, we transitioned to a five-year Statement of Strategic Intent, meaning we are no longer required to review and update our strategy every 12 months. Rather, we retain the same strategic intent for the stipulated five-years, and only make revisions in the event of significant business or industry changes. We continue to produce an Annual Operational Plan, which sets out how we will action our strategic intent in the coming financial year.

To deliver our strategic direction, we have strategic goals underpinned by objectives, measures and targets. Supporting the achievement of these objectives are key projects, known as strategic initiatives, which are detailed on page 72.

All of these elements make up our strategic planning framework (below).



# OUR PLAN FOR THE FUTURE

## OUR STRATEGIC INTENT (CONTINUED)

A summary of our 2024 strategic direction, as per our *2024 Statement of Strategic Intent*, can be seen below.

Strategic goals	Strategic objectives
<b>Constructive Culture</b> We inspire, create and sustain a constructive culture to deliver high performance.	<ul style="list-style-type: none"><li>• Embrace our leadership philosophy and create a work environment that delivers high performance.</li><li>• Enhance the efficient delivery of work through an improved employee experience.</li></ul>
<b>Foundational Success</b> We know our business, we know our customers, and we deliver value for both.	<ul style="list-style-type: none"><li>• Shape the way future services are provided to ensure we meet community requirements at the lowest sustainable cost.</li><li>• Deliver products and services that our customers prefer.</li><li>• Deliver sustainable customer services through optimised planning and active risk management.</li><li>• Become a truly customer-centric business that delivers an effortless CX.</li><li>• Harness technologies to improve the customer and employee experience and the use of digital systems that provide proactive and real time monitoring of performance.</li><li>• Maintain affordable and transparent pricing for our customers.</li></ul>
<b>Environmental Leadership</b> We protect and enhance our environment for current and future generations through excellence in water cycle management.	<ul style="list-style-type: none"><li>• Reduce our environmental footprint.</li><li>• Reshape the water cycle by reusing and recycling to maximise the value of water.</li><li>• Partner locally to improve environmental liveability, sustainability and resilience in our communities.</li></ul>
<b>Social &amp; Economic Value</b> We advance the wellbeing and prosperity of society by leveraging our unique capabilities.	<ul style="list-style-type: none"><li>• Create societal value through our essential products and services.</li><li>• Enhance community liveability by embracing circular economics practices and protecting the community from emerging contaminants</li><li>• Enhance community prosperity and wellbeing by supporting vulnerable customers, minority groups and local business, and by creating employment and education opportunities</li></ul>

## OUR STRATEGIC RISKS

The below table outlines the strategic risks that may prevent us from achieving our strategic objectives.

Strategic goals	Risk name	Risk description
<b>Constructive Culture</b>	<b>Culture &amp; Experience</b>	Culture and employee experience or changing societal and community expectations does not enable the delivery of an acceptable customer experience.
	<b>Safety, Health &amp; Wellbeing</b>	Death, illness, disease or serious injury to Urban Utilities employee, contractor, partner or to a member of the public.
	<b>Conduct &amp; Integrity</b>	Inappropriate, unethical or unlawful behaviour on the part of the organisation's management or employees.
<b>Foundational Success</b>	<b>Enterprise Security</b>	Major unauthorised access to Urban Utilities systems or infrastructure including because of inappropriate, unethical or unlawful behaviour - (People, Physical, IT and OT environments).
	<b>Technology &amp; Data Governance</b>	Provision of technology to support business processes / strategies, manage data, enable reliable data-driven decision making and drive effective planning, delivery and cost efficiency.
	<b>Water Security, Disruption &amp; Cycle Adaption</b>	Urban Utilities through our bulk water provider is unable to ensure water security. Urban Utilities is unable to provide quality of water for health, livelihoods and commercial production to enrich the quality of life.
	<b>Political &amp; Regulatory</b>	Major changes, reform or restructure in Urban Utilities political or regulatory environment adversely impacts on the ability to influence and advocate and achieve our strategic objectives.
	<b>Investment, Disruption &amp; Competition</b>	Investment decisions are not prudent and efficient in maintaining our service risk commitments.
	<b>Financial Sustainability and Affordability</b>	Urban Utilities becomes financially unsustainable and price affordability is not maintained.
	<b>Sustainability (Environment &amp; Climate)</b>	Climate changes, urbanisation and demographic changes or environmental expectations (e.g. emerging contaminants or nutrient discharges) manifest in unplanned change or impact cost to serve.
<b>Environmental Leadership</b>	<b>Shareholder</b>	Serious loss of shareholder trust or support for Urban Utilities.
	<b>Customer</b>	Significant disruption or changes in expected service value, affordability or customer expectations for utility providers and the impact on Urban Utilities including loss of revenue and missed or misdirected opportunities.

# OUR PLAN FOR THE FUTURE

---

## PLANNING FOR FUTURE SERVICES

The water and sewerage services that Urban Utilities provide help to make our communities great places to live. In providing these services, we perform a critical role in protecting and enhancing quality of life by:

- Protecting public health by providing access to clean drinking water and effective sewerage services.
- Enhancing and preserving our natural ecosystems through the collection and safe management of sewage and other wastes.
- Helping to shape the way our cities and regions are planned and developed.

We recognise that what matters most to our communities evolves over time and we work in partnership with other service providers across the region to deliver on the community's liveability requirements and to ensure that we can continue to do so well into the future.

By working in partnership with our stakeholders, we are able to optimise the way services are provided, encourage water sensitive planning approaches and ensure that services are available in the right place at the right time. This helps us to keep downward pressure on our prices. At a local level, we work with our five shareholders, Economic Development Queensland and other State Government authorities. These close connections give us an understanding of the type, size, location and timing of future developments that will support growth in our region. By working in this way, we can influence prudent and efficient delivery of services and are able to use an appropriate mix of traditional and innovative approaches to maximise the value delivered through investment in infrastructure.

We align our services with the *South East Queensland Regional Plan 2009–2031*, the purpose of which is to manage regional growth and change in the most sustainable way and to protect and enhance quality of life. Our *Water Netserv Plan* provides an overview of our infrastructure planning and development for the next 20 years and supports the land-use planning undertaken by the State Government and our five shareholders. Regular updates of the Water Netserv Plan make this a living document that promotes greater transparency in our operations and our planning for future changes.

Committed to understanding our customers' needs, we engage directly with them and strive to co-design our servicing solutions through regular consultation.

In our planning, we also consider the South East Queensland Water Security Program developed by the bulk water service provider, Seqwater. This program identifies the level of service objectives for water supply security and the future investments in bulk water infrastructure. We have joined with the other service providers across the region to provide collaborative support for updates to the Water Security Program.

We manage our services by using:

- Contemporary approaches in whole-of-lifecycle asset management.
- Efficient and effective capital investment through strategic procurement and 'just-in-time' delivery.
- Benchmarking against national and international peers.

# OUR CONTROLS AND ASSURANCE

---

## RISK MANAGEMENT

Our Enterprise Risk Management Framework was developed and implemented in accordance with the *ISO 31000:2018 Risk Management*.

Our Board-approved Risk Appetite Statement is a central component of our Enterprise Risk Management Framework. Its purpose is to articulate, from the Board's perspective, how much risk is acceptable in pursuing our strategic direction.

The Risk Appetite Statement guides management in making decisions that balance risk and opportunity and is a key driver in establishing an organisational culture that is risk aware.

Our risks are managed at the strategic and operational levels, which are aligned to our risk appetite and tolerance levels.

Our strategic risks have the potential to materially impact the achievement of our purpose and vision and are considered in our strategic planning process (see page 88).

The Enterprise Risk Management Framework, in conjunction with our Performance Management Framework, facilitates risk-based planning and decision making and improves organisational resilience.

Supporting our Enterprise Risk Management Framework is our Corporate Compliance Management System, which was developed and implemented in accordance with *ISO 19600 Compliance Management Systems – Guidelines*.

## EXTERNAL SCRUTINY

The Queensland Audit Office (QAO) is our external auditor under the terms of the *Financial Accountability Act 2009*. The QAO is responsible for auditing our financial statements and expressing an opinion on the financial report, based on the audit (see page 180).

The Queensland Competition Authority (QCA) is responsible for regulating our water and sewerage services to ensure the costs we incur in delivering those services are prudent and efficient. This process is designed to ensure that monopoly providers of essential utility services are not charging prices in excess of efficient costs.

Prior to 30 June 2015, the QCA applied a specific price monitoring regime and found no evidence of an exercise of market power. This regime has expired, but the QCA still retains general investigatory powers into our pricing practices to protect customers. We continue to set prices and adhere to service quality standards. Since 1 July 2015, we have not been subject to investigation under the general investigatory powers of QCA.

Besides the report on financial statements, no other government body issued any other external scrutiny reports regarding our operations during the reporting period.

# OUR CONTROLS AND ASSURANCE

---

## INTERNAL AUDIT

Internal audit is an independent function within Urban Utilities' Office of the Chief Executive Officer, which assists the Chief Executive Officer in the discharge of her responsibilities under the *Financial Accountability Act 2009* and provides an independent review of internal system controls.

In 2020/21, KPMG provided internal audit services for Urban Utilities. These services were performed in accordance with a Board-approved Internal Audit Charter and Internal Audit Plan. This plan has regard for Urban Utilities' strategic risk profile, previous audits, industry insights, Queensland Audit Office key focus areas and engagement with the Audit and Risk Committee and Executive Leadership Team.

The internal audit function was conducted independently of management, and authorised auditors and the deployment of the program had due regard to Queensland Treasury's Audit Committee Guidelines.

In 2020/21, Internal Audit undertook seven audits. The audits were separated into strategic risk-based reviews, core business process reviews and information technology reviews

## HUMAN RIGHTS

We are committed to delivering our products and services to the community in a manner that is consistent with our corporate values and aligned to people's human rights. To demonstrate this, we have:

- Continued to assess the compatibility of our policies with human rights through our policy review process.
- Incorporated respect for human rights into the updated Urban Utilities Code of Conduct.
- Published the Urban Utilities Modern Slavery Statement, outlining the measures Urban Utilities is taking to identify and address modern slavery and other labour rights risks within our operations and supply chain.
- Reviewed our compliance with the Human Rights Act through our corporate compliance framework.
- Monitored complaints for any human rights issues.

In 2020/21, no human rights complaints were received.

## CONTINUOUS ASSURANCE

Urban Utilities continued its data analytics-based continuous assurance program during 2020/21, supported by KPMG and independent to the Internal Audit services provided.

The program provides the Board, Audit and Risk Committee and management with assurance that processes and control systems are working effectively under outsourced and internal service delivery models. It considers processes and controls that mitigate strategic risks relating to customers, finance, procurement, environment, ICT, people and security.

## FRAUD CONTROL

Urban Utilities has a Fraud and Corruption Control Plan, which is reviewed annually.

The plan documents how we will implement the recommendations by the Queensland Audit Office.

These attributes include:

- implementing fraud awareness training,
- carrying out fraud risk assessments, and
- developing fraud reporting and investigations systems, including our UrbanDisclosure hotline for reporting potential fraud and corruption matters.

# ACCOUNTABILITY AND TRANSPARENCY

---

## REPORTING ON PERFORMANCE

Transparent, accurate and timely reporting is a key component of our governance framework that enables us to remain on track to achieve our purpose and vision, continue providing services that meet customer expectations, and continue to manage operational risks and priorities.

Progress against our strategic objectives, our strategic risks we manage to ensure we can achieve our strategic objectives, and the delivery of our customer service standards (see page 36) are reported to our Executive Leadership Team, Board and all employees on a monthly basis. They also form the basis of regulatory reporting, reporting to shareholders and annual reporting.

In addition, we also report the status of our strategic initiatives to our Executive Leadership Team and all employees on a monthly basis, to our Board on a quarterly basis and to shareholders on a half-yearly basis.

Our key operational measures, which predominately act as lead indicators to the management of our strategic risks, are reported to our Executive Leadership Team and all employees on a monthly basis.

We also support and comply with various industry and regulatory reporting requirements, including the National Performance Reporting annual industry benchmarking, which provide regulators and the public with transparency and comparability around our performance, services and costs. These include, but are not limited to, our Drinking Water Quality Management Annual Report and Annual Performance Plan, both of which are on our website.

We continually seek to improve our performance reporting to ensure it is transparent and provides our shareholders, Board, executives, managers, customers, and all employees with a clear understanding of how we are performing and where we need to focus our efforts.

## INFORMATION SYSTEMS AND RECORD KEEPING

Urban Utilities is compliant with the *Public Records Act 2002* and supporting policies as directed by the Queensland State Archivist. Policies and procedures are in place for recordkeeping, email management, retention and disposal of records, managing information on shared network drives and information security. Our skilled records management team oversees the lifecycle of both our digital and physical records.

We continue to look for opportunities to improve our records governance, reduce our information footprint and develop a collaborative culture based on the sharing of knowledge. In 2020/21, we:

- Rolled out an online education program for our people regarding public recordkeeping and the related responsibilities.
- Commenced a disposal process of legacy physical records.
- Reviewed our tier-one systems.
- Continued to address legacy data issues in our core recordkeeping system, QDOX.

Additionally, we have taken steps via the Target Operating Model program (see page 46) to identify and agree upon data governance improvements for implementation. These include establishing data stewardship commitments across the organisation and establishing an overarching Data Governance Board, with the intention to further mature our compliance with regulations, including the *Public Records Act 2002*.



# OTHER DISCLOSURES

---

In accordance with State Government disclosure obligations, disclosures for overseas travel and consultancies for Urban Utilities can be found on the Queensland Government's Open Data website ([data.qld.gov.au](https://data.qld.gov.au)).

# CHAPTER 5: FINANCIAL PERFORMANCE

## CHIEF FINANCIAL OFFICER'S SUMMARY

### Financial performance at a glance

- Operating profit before tax and capital revenues: \$130.4 million, up 6.4% on 2019/20.
- Profit after tax: \$233.3million, up 1.4% on 2019/20.
- Total revenue: \$1,435.7 million, down 0.8% on 2019/20.
- Operating cost base: \$1,101.6 million, down 1.2% on 2019/20.
- Capital expenditure (including developer donated assets): \$465 million.
- Gearing consistent at 40%.

### Financial performance for the year ended 30 June 2021

For the year ended 30 June 2021, Urban Utilities reported an operating profit before tax and capital revenues of \$130 million, which was 6.4% higher than our 2019/20 result. Our net profit after tax of \$233 million was a \$3 million increase on 2019/20.

As a result of COVID-19, Urban Utilities implemented a utility price freeze from 1 July 2020 to 31 December 2020 to support our customers and communities. We also experienced reduced commercial consumption of services and a reduction in contributions from developers. Additionally, we saw an increase in customers requesting payment extensions, which will likely impact the timing of cashflows and recoverability of utility charges. COVID-19 continues to have an impact on the domestic and international migration to South East Queensland, which may impact future growth within our service territories.

Capital revenues from developers comprise both donated assets and cash used to build water and wastewater infrastructure. This assists funding towards our investment in infrastructure, enabling us to keep our prices lower.

Our five-year financial performance summary is detailed below:

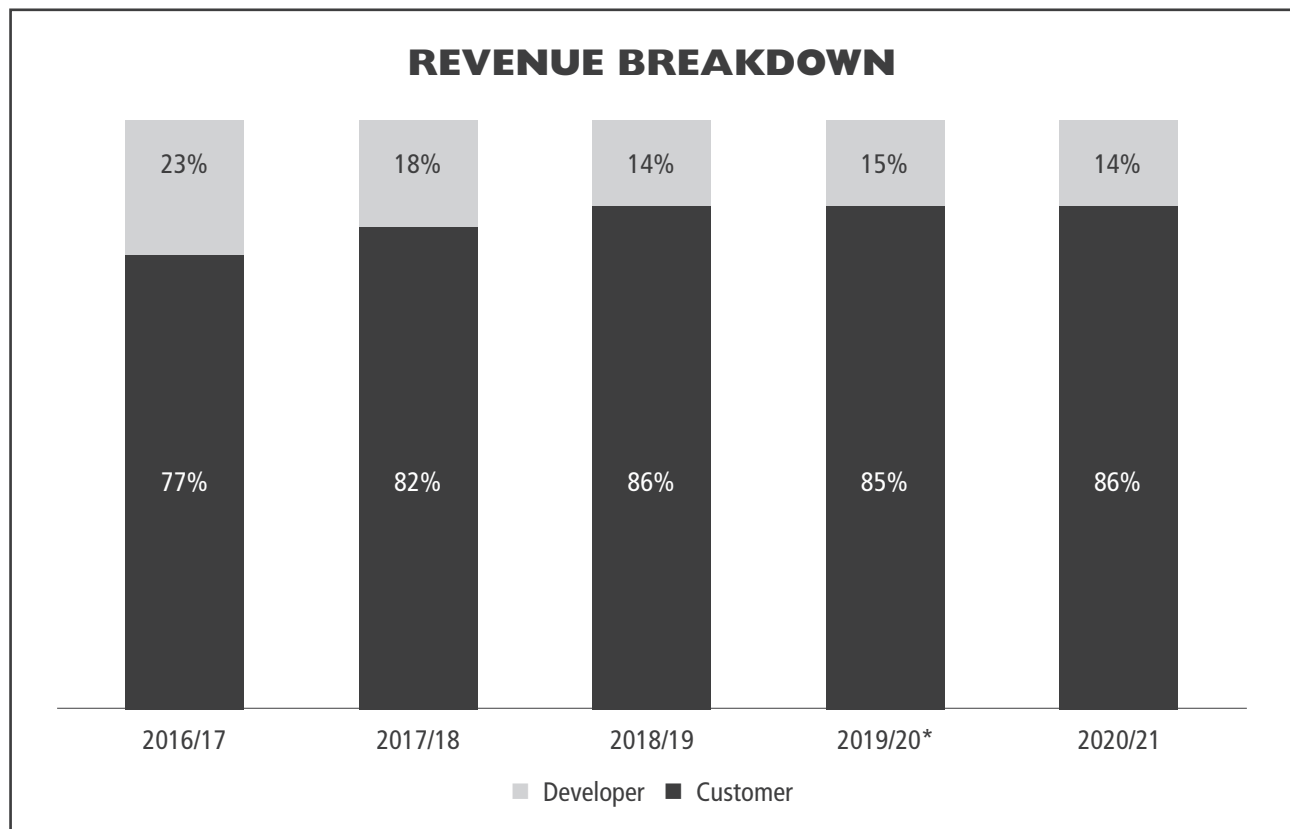
\$m	2016/17	2017/18	2018/19	2019/20*	2020/21
Revenue	1,069	1,109	1,182	1,237	1,232
Operating expenses	(965)	(985)	(1,053)	(1,114)	(1,102)
<b>Operating profit before tax and capital revenues</b>	<b>104</b>	<b>124</b>	<b>130</b>	<b>123</b>	<b>130</b>
Capital revenues	313	239	195	210	204
<b>Profit before tax</b>	<b>417</b>	<b>363</b>	<b>325</b>	<b>333</b>	<b>334</b>
Taxation expense	(125)	(110)	(99)	(102)	(101)
<b>Profit after tax</b>	<b>291</b>	<b>253</b>	<b>227</b>	<b>230</b>	<b>233</b>

\*2019/20 is restated due to prior period adjustments relating to donated assets.

We return the majority of our profit as a dividend or income tax payment to our shareholding councils. The total return to our shareholding councils for 2020/21 was \$245 million, which was an increase of \$2 million against 2019/20.

## Revenue summary

Urban Utilities' gross revenue for the year ended 30 June 2021 was \$1,435.7 million and had two main sources: customers and developers.



\*2019/20 Restated for prior period adjustments.

Customer revenue was generated through \$722 million in water utility charges and \$482 million in wastewater utility charges, with the remainder from our professional services, such as SAS Laboratories and developer services. For 2020/21, customer revenue represented 86% of total revenue in line with previous financial years.

The downturn in commercial and developer revenues is attributed to the effects of COVID-19, with customer revenue decreasing by \$5 million (0.4%) on 2019/20, largely due to the lower water and recycled water usage and developer revenue decreasing by \$6 million (3.0%) on 2019/20.

# CHAPTER 5: FINANCIAL PERFORMANCE

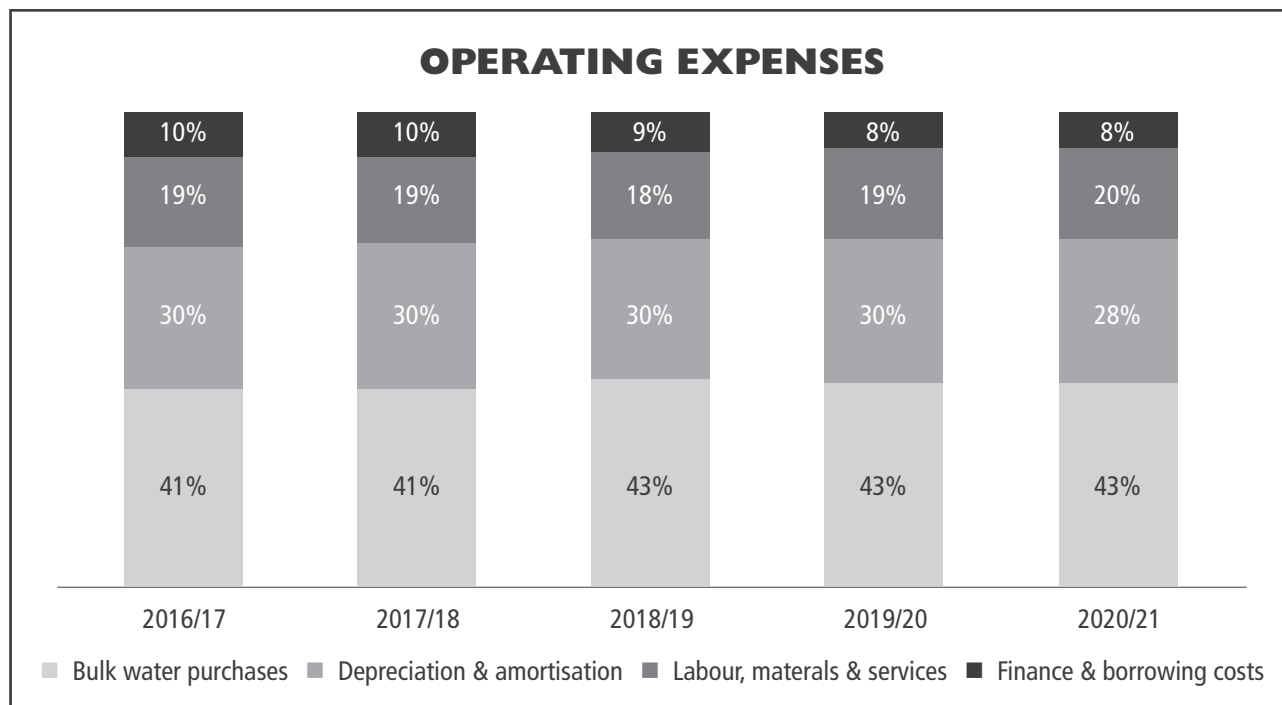
## CHIEF FINANCIAL OFFICER'S SUMMARY (CONTINUED)

### Operating expense summary

The overall decrease in total operating expenses was \$12.7 million. Of this, \$4.0 million was attributed to decreases in demand for water by our customers, while the remaining \$8.7 million was associated with the delivery of our services to customers. Bulk water charges were impacted by an average 3.5% price increase approved by the State Government, with these costs passed directly through to customers. Bulk water continues to account for 43% of our operating cost base.

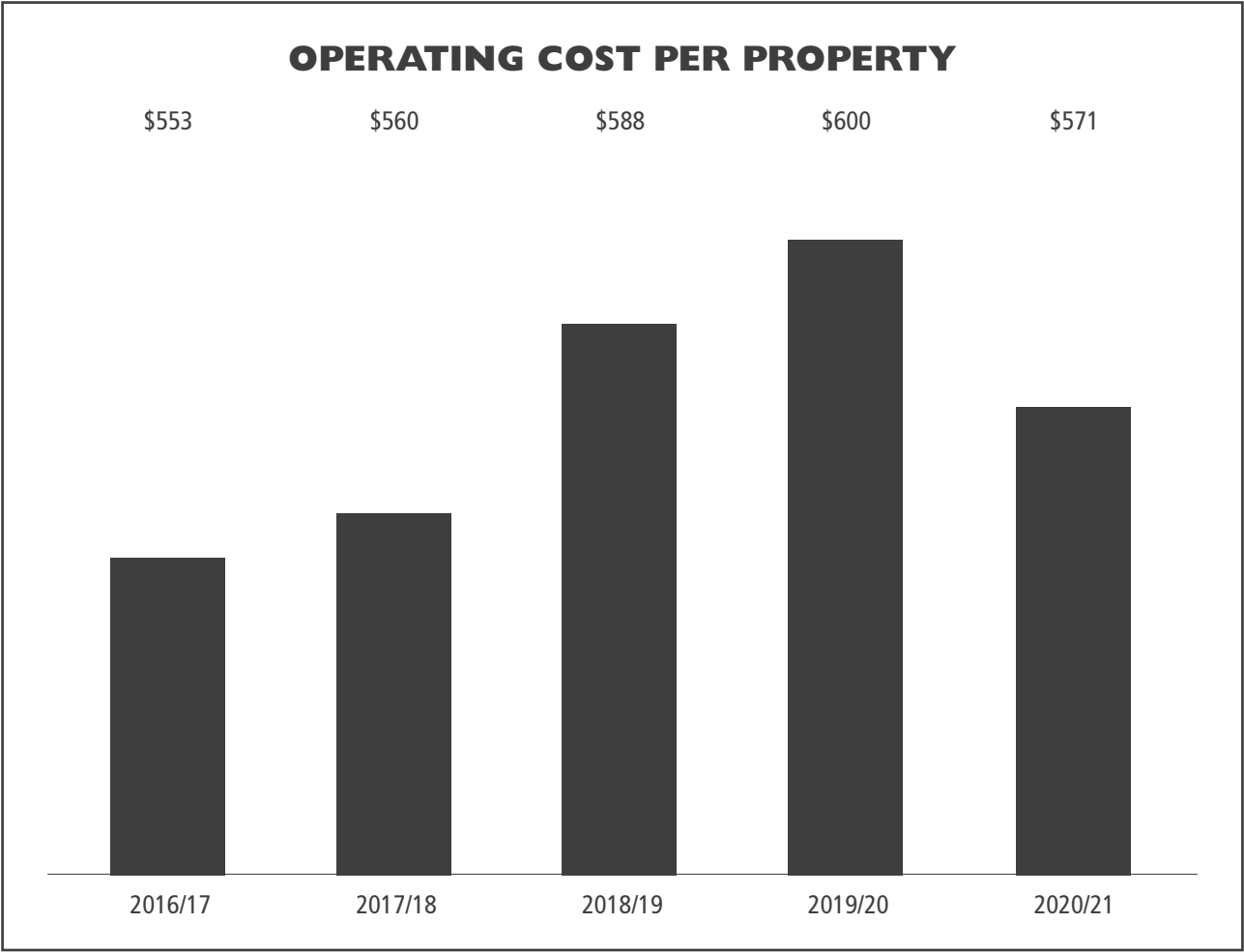
Despite the decrease in the cost of service delivery to customers, there was a \$19.1 million increase in depreciation and amortisation, which represents the consumption of the useful life of our assets and the depreciation on our leased building assets. Our infrastructure assets' useful lives range from 10 to 110 years. As the size of our asset base grows, so too does our depreciation expense.

In 2020/21, our cost base was reduced by \$27.8 million as we continued to focus on identifying ways to realise efficiencies for our customers. For example, we introduced new ways of working through our Target Operating Model, implemented a new system that provides quality data to enable better scrutiny of our job costs and reduced our information technology support costs by removing legacy systems.



**Operating cost per property**

Operating cost per property excludes the cost of purchased water. This is because these costs do not result from Urban Utilities' activities, rather they are driven by customer demand with the price of bulk water determined by Seqwater and is passed through to our customers. There was a 5% decrease in Urban Utilities' operating costs per property from 2019/20 to 2020/21. This decrease can be attributed to our drive to realise efficiencies across the organisation.

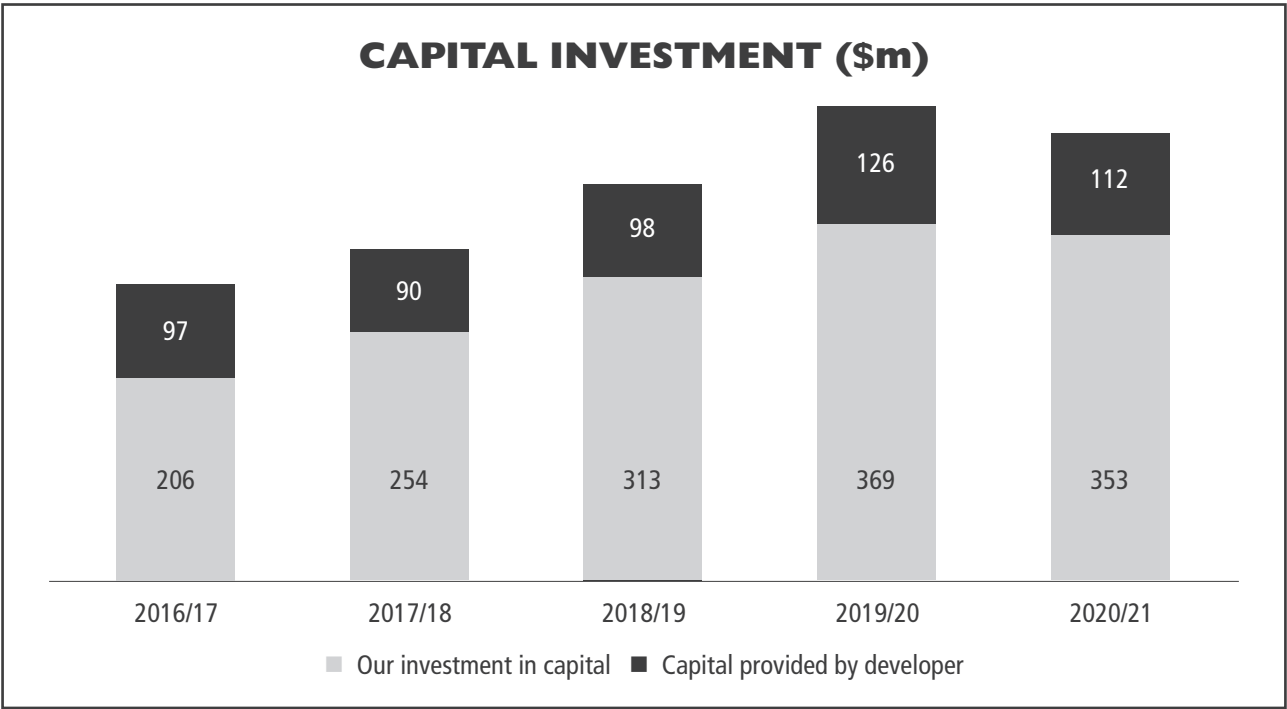


# CHAPTER 5: FINANCIAL PERFORMANCE

## CHIEF FINANCIAL OFFICER’S SUMMARY (CONTINUED)

### Capital expenditure

It is important that we continue to invest in infrastructure and systems to ensure we can meet the evolving needs of our customers and enhance our growing communities. Construction and delivery of these assets is achieved through our own Capital Investment Program or by developers providing infrastructure (for example, pipes and associated fittings) as they develop new communities.



### Key performance measures

Our financial performance and financial sustainability is presented through the following industry-accepted ratios.

Key Performance Measures	Unit	2016/17	2017/18	2018/19	2019/20	2020/21
Return on assets	%	8.8%	7.8%	6.9%	6.4%	6.3%
Return on equity	%	8.9%	7.6%	6.6%	6.4%	6.5%
EBITDA interest cover	times	4.00x	4.25x	4.52x	4.48x	4.86x
Funds from operations to net debt	%	10%	11%	12%	11%	11%
Net debt to fixed assets	%	35%	36%	37%	38%	40%

The return on assets is an indicator of how profitable our business is relative to our total assets. Return on equity measures profitability by comparing the profit generated against the investment by our five shareholding councils.

An EBITDA (Earnings before income tax, depreciation and amortisation) interest cover demonstrates our ability to meet our interest expenses. The funds from operations to net debt is a measure of our ability to manage our debt obligations. Net debt to fixed assets is a measure of the extent to which our assets are financed by debt.

The combination of the key performance measures outlined above give an indication of our financial sustainability.

During the year, we undertook a major review of capital structure, which resulted in some revision of targets for these key performance measures to ensure the long-term viability and sustainability of the business.

# CHAPTER 5: FINANCIAL PERFORMANCE

## GUIDE TO OUR FINANCIAL STATEMENTS

### Introduction

The Financial Statements are prepared in accordance with the requirements of the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019*, the *Financial Reporting Requirements for Queensland Government agencies* (as applicable to statutory bodies), the exemptions under the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009*, *Australian Accounting Standards* and interpretations.

This guide has been prepared to assist readers understand and analyse the Financial Report.

### What is included in the Financial Report?

The Financial Statements report on how Urban Utilities performed financially during the 2020/2021 financial year and the overall financial position at the end of the financial year (30 June 2021).

The Financial Statements include:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to the Financial Statements.

The Financial Statements are prepared by management, reviewed by the Audit and Risk Committee who make a recommendation to the Urban Utilities Board for approval, and audited by the Auditor-General of Queensland.

The 2020/2021 Financial Statements include adjustments made to the 2019/2020 figures. This occurs when there are prior period adjustments identified in the current financial year. Disclosure of these occur in note 1.10 of the financial statements.

### Statement of Comprehensive Income

The Statement of Comprehensive Income itemises income earned and expenditure incurred in delivering Urban Utilities' services during the year, as well as other comprehensive income (including the actuarial gain or loss on the defined benefit superannuation scheme) to give the total comprehensive result for the year.

The operating expenses do not include capital purchases for the renewal or upgrade of our assets. However, it does include depreciation and amortisation, which is a provision for the value of assets 'used up or consumed' during the year.

The statement is prepared on an accruals basis and includes both cash and non-cash items. All income and expenses for the year are reflected in the statement, even though some revenue may not yet be received (such as interest on investments) and some expenses may not yet be paid (where the goods and services are received but the suppliers' invoices are not yet paid).

The key figure to assess financial performance for the year is the profit for the year, which is calculated by deducting the total operating expenses (including income tax) for the year from total operating revenue. It is important to note however, that the profit for the year is not necessarily a 'cash' surplus due to the recognition of non-cash items above.

Urban Utilities is a for-profit statutory body and generates an annual profit in order to ensure future financial sustainability. The profit not only ensures ongoing services and infrastructure to customers and communities but also provides a return to our five shareholding councils.

### Statement of Financial Position

The Statement of Financial Position is also known as a Balance Sheet and is a snapshot of our financial position as at 30 June. It outlines what we control as assets (such as cash and property), what we owe as liabilities (such as amounts owed to creditors) and the equity or net worth at the end of the year.

The assets and liabilities are separated into current and non-current sections. 'Current' generally means those assets that will be received, or liabilities that will be paid, within the next 12 months. 'Non-current' refers to those assets and liabilities that are held for a longer term.

The net current assets or working capital is an important measure of our ability to meet our debts as and when they fall due.

The equity section of the Statement of Financial Position shows the contributed equity from the establishment of Urban Utilities on 1 July 2010, the total of the retained earnings (profits) that have accumulated and the amount by which the assets have been revalued since establishment. The total of the equity section represents our net financial worth.



### Statement of Changes in Equity

The Statement of Changes in Equity summarises the change in our net financial worth during the financial year. Net worth can change as a result of a profit or loss as recorded in the Statement of Comprehensive Income or a change in the net value of non-current assets resulting from a revaluation or an impairment of those assets.

### Statement of Cash Flows

The Statement of Cash Flows shows all cash amounts received and all cash payments made during the year that make up the change in our bank balance during the financial year.

The cash flows are separated into three different types of activities:

- Operating activities are those cash receipts and payments arising from delivery of our services. The net cash provided by operating activities is an important result in the statement, as it shows our ability to generate a cash surplus, which can then be used to fund the purchase, construction or renewal of long-term assets, such as property and infrastructure and to repay borrowings. This should be a positive amount.
- Investing activities are those cash receipts and payments arising from the purchase, renewal, upgrade, expansion and sale of non-current assets.
- Financing activities are those cash receipts and payments arising from the raising and repayment of borrowings and payments of a participation return (dividend and income tax equivalent amounts) paid to our five shareholding councils.

### Notes to the Financial Statements

The notes to the Financial Statements provide greater detail to support the figures used in the four main statements and should be read in conjunction with the statements to obtain a clearer picture of our finances. The notes give the details behind the summary line items contained in the statements, showing what makes up each of the accumulated amounts.

The notes also provide information on the accounting policies and assumptions used to prepare the financial statements, advise the reader about any changes to the *Australian Accounting Standards*, policy, or legislation, which may affect the way the statements are prepared and disclose other information that cannot be incorporated into the statements and provide analysis if there has been a significant change from the previous year's comparative figures.

### Certification of Statements

The certification of the financial statements is made by the Board Chair, the Chief Executive Officer and the Chief Financial Officer. Collectively, these persons are responsible for the financial management of Urban Utilities. The certification must state whether, in their opinion, the statements have met all the statutory and professional reporting requirements and present a true and fair view of the financial performance and financial position of Urban Utilities as at the end of the financial year.

The certification must be based on an appropriate system of internal controls and effective risk management processes.

### Independent Auditor's Report

The Independent Auditor's Report is the external and independent opinion of the Queensland Auditor-General and provides the reader with an independent view about Urban Utilities' compliance with the statutory and professional requirements, as well as the fairness aspects of the statements.

Central SEQ Distributor-Retailer Authority

# CONTENTS

For the year ended 30 June 2021

---

Statement of Comprehensive Income	107	15. Loans and borrowings	149
Statement of Financial Position	108	16. Fair value measurement	151
Statement of Changes in Equity	110	17. Financial instruments	153
Statement of Cash Flows	112	18. Capital management	163
1. Basis of financial statement preparation	113	19. Leases	164
2. Revenue	118	20. Commitments	167
3. Expenses	121	21. Contingencies	167
4. Income tax equivalent	123	22. Funds held in trust	168
5. Cash and cash equivalents	126	23. Key executive management personnel and remuneration	168
6. Trade and other receivables	127	24. Related parties	175
7. Other assets	128	25. Financial sustainability	177
8. Property, plant and equipment	129	26. Subsequent events	177
9. Intangible assets	137	27. New and revised accounting standards	178
10. Superannuation	139	Certificate of the Central SEQ Distributor-Retailer Authority	179
11. Trade and other payables	143	Independent Auditor's Report	180
12. Employee benefits	144		
13. Other liabilities	145		
14. Contributed equity	146		

Central SEQ Distributor-Retailer Authority

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000 Restated*
<b>Revenue</b>			
Utility charges	2.1	1,204,287	1,207,233
Contributions	2.2	203,776	210,030
Other revenue	2.3	27,639	29,564
<b>Total operating revenue</b>		1,435,702	1,446,827
<b>Expenses</b>			
Bulk water purchases	3.1	(471,264)	(475,224)
Depreciation and amortisation	8, 9, 19	(224,884)	(205,807)
Supplies and services	3.2	(174,218)	(190,844)
Employee expenses	3.3	(125,281)	(133,963)
Finance and borrowing costs	3.4, 19	(95,097)	(94,946)
Other expenses	3.5	(10,808)	(13,444)
<b>Total operating expenses</b>		(1,101,550)	(1,114,228)
<b>Profit before income tax equivalent</b>		334,152	332,599
Income tax equivalent	4.1	(100,820)	(102,404)
<b>Profit for the year</b>		233,332	230,195
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Decrease in asset revaluation surplus	8.7	-	(1,088)
Defined benefit plan actuarial gain (loss)	10.3	673	(889)
<b>Items that may be reclassified to profit or loss:</b>			
Cash flow hedge gain	17	-	10
<b>Total other comprehensive income (loss)</b>		673	(1,967)
<b>Total comprehensive income for the year</b>		234,005	228,228

\*Refer to Note 1.10 for details of restatement as a result of prior period adjustment.

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Central SEQ Distributor-Retailer Authority

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	2021 \$'000	2020 \$'000 Restated*
<b>Current assets</b>			
Cash and cash equivalents	5	6,498	72,845
Trade and other receivables	6	148,834	59,968
Income tax receivable		-	5,275
Derivative financial instruments	17	-	14
Other assets	7	145,371	185,853
<b>Total current assets</b>		300,703	323,955
<b>Non-current assets</b>			
Property, plant and equipment	8	6,189,708	5,972,870
Right-of-use assets	19	9,423	14,250
Intangible assets	9	146,313	125,678
Defined benefit plan	10.3	4,147	3,186
Other assets	7	757	42
<b>Total non-current assets</b>		6,350,347	6,116,027
<b>Total assets</b>		6,651,051	6,439,982
<b>Current liabilities</b>			
Trade and other payables	11	55,581	53,325
Loans and borrowings	15	27,000	95,000
Lease liabilities	19	6,341	7,113
Employee benefits	12	32,625	32,754
Other liabilities	13	101,292	96,050
Income tax payable		4,349	-
Participation returns	14.1	79,500	79,500
<b>Total current liabilities</b>		306,688	363,742

Central SEQ Distributor-Retailer Authority

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	2021 \$'000	2020 \$'000 Restated*
<b>Non-current liabilities</b>			
Loans and borrowings	15	2,474,895	2,294,895
Lease liabilities	19	5,845	11,281
Employee benefits	12	4,622	4,436
Other liabilities	13	2,211	2,625
Deferred tax liabilities	4.2	248,413	226,928
<b>Total non-current liabilities</b>		2,735,985	2,540,165
<b>Total liabilities</b>		3,042,673	2,903,907
<b>Net assets</b>		3,608,378	3,536,074
<b>Equity</b>			
Contributed equity	14.2	2,538,793	2,538,793
Retained earnings		916,650	844,336
Asset revaluation surplus	8.7	152,935	152,935
Cash flow hedge reserve	17	-	10
<b>Total equity</b>		3,608,378	3,536,074

\*Refer to Note 1.10 for details of restatement as a result of prior period adjustment.

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Central SEQ Distributor-Retailer Authority

# STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	Notes	Contributed equity \$'000	Retained earnings \$'000	Asset revaluation surplus \$'000	Cash flow hedge reserve \$'000	Total \$'000
<b>Balance as at 1 July 2019</b>		2,538,793	746,873	154,023	-	3,439,689
FY2020 Prior period adjustment on donated assets, net of tax	1.10	-	15,852	-	-	15,852
FY2021 Prior period adjustment on donated assets, net of tax	1.10	-	10,218	-	-	10,218
Transfer of asset revaluation surplus, net of tax	8.7	-	1,088	-	-	1,088
<b>Adjusted balance at 1 July 2019</b>		2,538,793	774,031	154,023	-	3,466,847
<b>Distributions to Participants</b>						
Participation returns to Participants	14.1	-	(159,000)	-	-	(159,000)
<b>Total distributions to Participants</b>		-	(159,000)	-		(159,000)
Profit for the year		-	230,195	-	-	230,195
<i>Other comprehensive income:</i>						
Defined benefit plan actuarial loss, net of tax	10.3	-	(889)	-	-	(889)
Cash flow hedge gain, net of tax	17				10	10
Decrease in asset revaluation surplus, net of tax	8.7			(1,088)		(1,088)
<b>Total comprehensive income for the year</b>		-	229,306	(1,088)	10	228,228
<b>Balance as at 30 June 2020 Restated*</b>		2,538,793	844,336	152,935	10	3,536,074

Central SEQ Distributor-Retailer Authority

# STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	Notes	Contributed equity \$'000	Retained earnings \$'000	Asset revaluation surplus \$'000	Cash flow hedge reserve \$'000	Total \$'000
<b>Balance as at 1 July 2020</b>		2,538,793	844,336	152,935	10	3,536,074
Adjustment on application of IFRIC decision on SaaS	1.11	-	(2,691)	-	-	(2,691)
<b>Adjusted balance at 1 July 2020</b>		2,538,793	841,645	152,935	10	3,533,383
<b>Distributions to Participants</b>						
Participation returns to Participants	14.1	-	(159,000)	-	-	(159,000)
<b>Total distributions to Participants</b>		-	(159,000)	-	-	(159,000)
Profit for the year		-	233,332	-	-	233,332
<i>Other comprehensive income:</i>						
Defined benefit plan actuarial loss, net of tax	10.3	-	673	-	-	673
Cash flow hedge gain, net of tax	17	-	-	-	(10)	(10)
<b>Total comprehensive income for the year</b>		-	234,005	-	(10)	233,995
<b>Balance as at 30 June 2021</b>		2,538,793	916,650	152,935	-	3,608,378

\*Refer to Note 1.10 for details of restatement as a result of prior period adjustment.

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Central SEQ Distributor-Retailer Authority

# STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		1,186,447	1,226,247
Developer cash contributions received		91,484	97,956
Interest received		846	1,408
GST input tax credits from Australian Taxation Office (ATO)		50,752	55,255
		1,329,529	1,380,866
Payments to employees		(124,551)	(130,663)
Payments to suppliers		(705,726)	(734,400)
Finance and borrowing costs paid		(92,633)	(92,922)
Income tax paid		(69,996)	(83,361)
GST remitted to ATO		(1,420)	(982)
		(994,325)	(1,042,327)
<b>Net cash inflow from operating activities</b>	5.1	335,204	338,540
<b>Cash flows from investing activities</b>			
Proceeds from sale of plant and equipment, and intangible assets		980	891
Payments for property, plant and equipment, and intangible assets		(347,740)	(393,759)
<b>Net cash outflow from investing activities</b>		(346,760)	(392,868)
<b>Cash flows from financing activities</b>			
Proceeds from long-term borrowings (Queensland Treasury Corporation)	15	150,000	230,000
Proceeds from long-term borrowings (Participating Councils)	15	30,000	-
Proceeds from short-term borrowings (Queensland Treasury Corporation)	15	27,000	55,600
Payment of short-term borrowings (Queensland Treasury Corporation)	15	(95,000)	-
Payment of lease liabilities	19	(7,790)	(8,020)
Payment of participation returns	14.1	(159,000)	(156,000)
<b>Net cash inflow (outflow) from financing activities</b>		(54,790)	121,580
Net increase (decrease) in cash and cash equivalents		(66,347)	67,252
Cash and cash equivalents at the beginning of the financial year		72,845	5,593
<b>Cash and cash equivalents at the end of the financial year</b>	5	6,498	72,845

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.



Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## I. BASIS OF FINANCIAL STATEMENT PREPARATION

### 1.1 Authority information

The Central SEQ Distributor-Retailer Authority (the Authority) was established under the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009* (the Act) and is a Statutory Body under the Financial Accountability Act 2009 and the Statutory Bodies Financial Arrangements Act 1982 (SBFA).

Under the Act, governance arrangements for the Authority were established in a Participation Agreement, which became operative from 25 June 2010. The Participants are Brisbane City Council, Ipswich City Council, Lockyer Valley Regional Council, Scenic Rim Regional Council and Somerset Regional Council (see Note 14).

The assets, liabilities, instruments and employees of the five Participating Councils' water distribution and sewerage operations were transferred to the Authority as a result of the Act. The value of the net assets transferred from the Councils to the Authority was initially calculated using a Regulatory Asset Base (RAB) valuation approved by the Queensland Government to represent the market value of the business.

In return for the net assets transferred to the Authority, each Council participates in the Authority based on its share of the RAB, comprising debt and participation rights as agreed by the Participating Councils and the Authority in the ratio of 40 to 60. The value of participation rights (60% of the RAB) has been brought to account as contributed equity in accordance with the advice provided by Queensland Treasury.

The Act states that the Authority expires at the end of 99 years from when it was established on 3 November 2009 and the Participants become the successor in law of the assets and liabilities in accordance with their participation rights at the expiry date.

The primary functions of the Authority for its geographic area are set out in Section 11(1) of the Act.

The Authority trades as Urban Utilities and is a "for profit" entity. The registered office is Level 2, 15 Green Square Close, Fortitude Valley, Brisbane, QLD 4006.

### 1.2 Compliance with prescribed requirements

These general purpose financial statements are for the period 1 July 2020 to 30 June 2021 and have been prepared in accordance with:

- Australian Accounting Standards (AASBs) and Interpretations;
- the *Financial Accountability Act 2009*;
- the *Financial and Performance Management Standard 2019*;
- the Financial Reporting Requirements for Queensland Government agencies (as applicable to statutory bodies); and
- the exemptions under the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009*.

### 1.3 Authorisation of financial statements for issue

The financial statements were authorised for issue by the Board on 16 August 2021. Board members have the power to amend and reissue the Financial Statements.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 1.4 Historical cost

The financial statements have been prepared on a historical cost basis, except for the following:

Note 2.2 – Contributions – donated assets measured at fair value.

Note 7 – Other assets – renewable energy certificates measured at fair value.

Note 8 – Property, plant and equipment – land, buildings and network assets measured at fair value.

Note 10 – Superannuation – defined benefit assets measured at fair value.

Note 12 – Employee benefits – provision for long service leave not expected to be settled within 12 months measured at present value.

Note 13 – Other liabilities – provision for restoration measured at present value.

Note 17 – Financial instruments – derivatives measured at fair value.

Note 19 – Leases - right-of-use assets and lease liabilities of office buildings and warehouses measured at present value.

## 1.5 Accounting estimates and assumptions

The preparation of financial statements requires the use of accounting estimates, which may differ to actual results. Management also exercised judgement in applying the Authority's accounting policies. Significant estimates and judgement are included in the following notes:

Note 2.1 – Utility charges – unbilled water consumption based on historical information.

Note 2.2 – Contributions – fair value of donated assets based on unit rates. For donated assets not yet detailed within the geospatial system, an estimate of assets has been made based on the type of development application.

Note 6 – Trade and other receivables – provision for impairment based on expected credit loss.

Note 8 – Property, plant and equipment – fair value based on discounted cash flows and depreciation rates.

Note 9 – Intangible assets – amortisation rates, and determination whether configuration and customisation services are distinct from the Software-as-a-Service (SaaS) access.

Note 10 – Superannuation – fair value of fund assets based on actuarial assessment.

Note 12 – Employee benefits – present value of provision for long service leave based on actuarial assessment.

Note 13 – Other liabilities – borrowing cost rate and term used for calculating the present value of provision for restoration.

Note 19 – Leases – borrowing cost rate and lease term used for calculating the present value of lease liability and right-of-use assets.

Note 21 – Contingencies – maximum exposure of contingent assets and liabilities.

As part of the ongoing review, these accounting estimates and underlying assumptions were assessed for climate-related risks considerations. Changes to accounting estimates are recognised in the period in which the estimate is revised, and future periods affected.

## 1.6 Presentation

### *Currency and rounding*

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000, unless disclosure of the full amount is specifically required.

### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the profit or loss except for foreign currency differences arising from the translation of qualifying cash flow hedges to the extent that the hedges are effective (see Note 17).

### *Comparatives*

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 1.7 Taxation

### *Goods and Services Tax (GST)*

Revenue, expenses, assets and liabilities are recognised net of the amount of GST. Except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO), the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are presented with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

### *Other taxes*

The Authority pays payroll tax to the Queensland Government Office of State Revenue on its activities and pays fringe benefits tax to the ATO in accordance with the relevant legislation. During COVID-19 pandemic, a small number of employees were located outside of Queensland and payroll tax was paid to relevant State Revenue Offices.

## 1.8 Going concern

The financial statements have been prepared on a going concern basis in accordance with AASB 101 Presentation of Financial Statements. The Authority considered the effect of climate-related risks and COVID-19, and noted that there is no impact on the Authority's ability to continue as going concern.

## 1.9 Climate-related, COVID-19 and other emerging risks

The Authority considered the potential impacts of climate-related, COVID-19 and other emerging risks in line with the climate-related and other emerging disclosures: assessing financial statement materiality using *AASB Practice Statement 2 Making Materiality Judgements* in the following notes:

Note 1.5 - Accounting estimates and assumptions

Note 1.8 – Going concern

Note 2.1 – Utility charges – price freeze

Note 2.2 - Contributions

Note 3.3 – Employee expenses – salary freeze

Note 8 – Property, plant and equipment - fair value assessment

Note 17 – Financial instruments – credit risk, climate-related risk

Note 21 - Contingencies

The Authority has identified Environmental Sustainability as a strategic risk which relates to climate changes, urbanisation and demographic changes or environmental expectations (for example: emerging contaminants or nutrient discharges) manifest in unplanned change or impact cost to serve.

The Authority adopts a probative and proactive approach to emerging risks, including climate risk. The Authority recognised, and contributed to the development of the 2021 Water Services Association of Australia (WSAA) Urban Water Industry Climate Change Position that recognises the changing climate.

Australia will continue to experience ongoing changes to climate including more variable rainfall, more heat extremes and more frequent and intense storms. The urban water industry is uniquely positioned to mitigate the Authority's impact on the climate, respond and adapt to the impacts of a changing climate on the delivery of the Authority's services, and improve the resilience of communities and the environment in adapting to a changing climate.

The Authority's structured approach to climate risk reflects the Queensland State Government framework of Understand, Mitigate and Adapt. Through this work, the Authority has identified the following specific climate-related risks:

- The transition to a low carbon economy;
- Current climate event risks; and
- Future climate adaptation risks

Consideration of these climate-related risks is defined in more detail in Note 17.1.

As a result of COVID-19, the Authority implemented a utility price freeze from 1 July to 31 December to support the Authorities customers and community; experienced reduced commercial consumption of services and a reduction in contributions from developers; and had increased requests from customers for payment extensions that will impact the timing of cashflows and recoverability of utility charges. COVID-19 continues to have an impact on the domestic and international migration to South East Queensland, and may impact the future growth within the Authority's service territories.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 1.10 Prior period adjustment

In preparation of the 2020-21 financial statements, the Authority identified \$24.0M (2020: \$22.6M) worth of donated assets with connection certificates issued prior to 1 July 2020 that were not previously recognised as contributions revenue. The prior period balances have been restated for each of the affected financial statement line items in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The following tables summarise the impacts on the Authority's financial statements.

Statement of Financial Position As at 30 June 2020	30 June 2020 As Reported \$'000	Adjustments \$'000	30 June 2020 Restated \$'000
<b>Non-current assets</b>			
Property, plant and equipment	5,948,880	23,990	5,972,870
<b>Total non-current assets</b>	6,092,037	23,990	6,116,027
<b>Total assets</b>	6,415,992	23,990	6,439,982
<b>Non-current liabilities</b>			
Deferred tax liabilities	219,731	7,197	226,928
<b>Total non-current liabilities</b>	2,532,968	7,197	2,540,165
<b>Net assets</b>	3,519,281	16,793	3,536,074
<b>Retained earnings</b>	827,544	16,793	844,337
<b>Total equity</b>	3,519,281	16,793	3,536,074
<b>Statement of Comprehensive Income For the year ended 30 June 2020</b>	<b>30 June 2020 As Reported \$'000</b>	<b>Adjustments \$'000</b>	<b>30 June 2020 Restated \$'000</b>
<b>Revenue</b>			
Contributions	200,636	9,394	210,030
<b>Total operating revenue</b>	1,437,433	9,394	1,446,827
<b>Profit before income tax equivalent</b>	323,205	9,394	332,599
Income tax equivalent	(99,585)	(2,818)	(102,404)
<b>Profit for the year</b>	223,619	6,576	230,195
<b>Total comprehensive income for the year</b>	221,652	6,576	228,228

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 1.11 Changes to significant accounting policy

### Cloud computing arrangements

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, *Configuration or customisation costs in a cloud computing arrangement*. The decision discusses whether configuration or customisation expenditure relating to cloud computing arrangements is able to be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Authority's accounting policy has historically been to capitalise costs related to cloud computing arrangements as intangible assets in the Statement of Financial Position. The adoption of this agenda decision could result in a reclassification of these intangible assets to either a prepaid asset in the Statement of Financial Position and/or recognition as an expense in the Statement of Comprehensive Income, impacting both the current and/or prior periods presented.

As at 30 June 2021:

- The Authority has adopted this IFRIC agenda decision. The impact of the change has resulted in a reclassification of Software-as-a-Service (SaaS) arrangements from intangible assets to prepayments in the Statement of Financial Position and recognition of related expenses in the Statement of Comprehensive Income as follows:

	30 June 2021 Adjustments \$'000
Prepayments	3,844
Software opening balance	(5,112)
Work in progress opening balance	(2,143)
Work in progress current year	(2,368)
Accumulated amortisation reversal	1,385
Depreciation and amortisation reversal	(1,385)
Supplies and services	3,088
Retained earnings prior period adjustment	2,691

Based on the analysis of cloud computing arrangements, the Authority identified \$2.7M worth of SaaS customisation and configuration costs that were previously recognised as intangible assets. The prior period balances have not been restated in the Statement of Comprehensive Income but were adjusted through the opening retained earnings at 1 July 2020.

- Intangible assets relating to Platform-as-a-Service cloud computing arrangements of \$76.2m have been capitalised on the Statement of Financial Position and will be subject to further detailed assessment.
- The Authority's preliminary analysis indicates that the impact may be material.

The revised accounting policy is presented in Note 9.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 2. REVENUE

The Authority generates revenue primarily from utility charges and developer contributions. Other sources of revenue include fees and charges, and interest income.

Revenue is measured based on the consideration specified in a contract with a customer. The Authority recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related recognition policies.

Revenue Stream	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Utility charges <ul style="list-style-type: none"> <li>• Water access charges</li> <li>• Water volumetric charges</li> <li>• Wastewater charges</li> <li>• Recycled water</li> </ul>	Customers obtain control when: <ul style="list-style-type: none"> <li>• water and wastewater services access is provided.</li> <li>• water and recycled water is consumed.</li> </ul> Invoices are billed on a monthly or quarterly basis over time. Invoices are typically payable within 30 days.	Revenue is recognised over time when: <ul style="list-style-type: none"> <li>• water and wastewater access is provided to customers.</li> <li>• when water is supplied to customers.</li> </ul>
Developer contributions – cash	The Authority provides existing and future capacity in the network to developers or landowners. No further work is required to be entitled to the infrastructure charges.  The itemised breakdown of the charges is issued upon developers' request. Payment is required before a connection certificate is issued; hence, the cash contributions are recognised as revenue upon receipt of the payment or upon acceptance of a payment arrangement with the developer.	Revenue is recognised at a point in time, when the Authority obtains the right to receive the cash contribution and the amount of revenue can be reliably measured, prior to the issuance of connection certificate to developers.
Developer contributions – donated assets	The Authority receives constructed assets from developers as contributions. No further performance obligation to the developer is required.  The asset is recognised at fair value based on the cost to the developer if available or an indexed unit rate.	Revenue is recognised at a point in time when the Authority obtains control of the assets, that is, upon issue of the connection certificate (where applicable) and where the transaction price can be reliably measured.
Other revenue <ul style="list-style-type: none"> <li>• Professional fees</li> <li>• Property connection fees</li> <li>• Other fees and charges</li> </ul>	Customers obtain control when the Authority provides professional and other services to customers.	Revenue is recognised at a point in time upon delivery of the service.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 2.1 Utility charges

	2021 \$'000	2020 \$'000
Water volumetric charges	559,166	573,520
Wastewater charges	482,163	473,308
Water access charges	156,985	153,007
Recycled water	5,973	7,398
	1,204,287	1,207,233

Utility charges are recognised on an accrual basis based on water consumption and fixed service charges billed in the period to which they relate. The Authority issues the utility account statements either on a monthly or quarterly basis. An estimation of unbilled water consumption is recorded as revenue based on customers' historical usage for the period between the date of the last available meter reading and the end of the reporting period. The Authority commenced billing access charges in line with volumetric charges during the current financial year. As a result, access charges are now billed in arrears with unbilled volumetric and access charges accrued at 30 June.

A six-month utility price freeze was implemented from 1 July to 31 December 2020 as a result of COVID-19 to support the Authority's customers and community.

## 2.2 Contributions

	2021 \$'000	2020 \$'000 Restated*
Developer contributions – cash	91,483	97,642
Developer contributions – donated assets	112,293	112,387
	203,776	210,030

\*Refer to Note 1.10 for details of restatement as a result of prior period adjustment.

The Authority finances part of its water supply and sewerage capital works infrastructure program through non-refundable contributions from developers. These developer contributions may be in the form of cash and/or non-cash (donated assets).

### Cash contributions

Developer cash contributions for specific assets are recognised as a liability until the asset is constructed. Developer cash contributions, for which no performance obligation is required, are recorded as revenue when the Authority obtains the right to receive the cash contribution and the amount of revenue can be reliably measured, prior to the issuance of the connection certificates to developers.

### Donated assets

Developer non-cash contributions, such as water and sewerage infrastructure, are recognised as revenue and as non-current assets at their fair value when the Authority obtains control of the assets, that is, upon issue of the connection certificate to developers (where applicable) and where the transaction price can be reliably measured. The fair value of the developer donated assets is based on the cost to the developer if available or calculated based on unit rates.



Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 2.3 Other revenue

	2021 \$'000	2020 \$'000
Professional fees	11,140	9,891
Property connection fees	6,047	6,333
Other fees and charges	7,019	8,700
Interest income	800	1,413
Grants and subsidies	461	407
Insurance recovery	297	-
Other revenue	1,875	2,820
	27,639	29,564

### *Fees and charges*

Revenue from professional fees, property connection fees and other fees and charges is recognised upon the delivery of services to customers. Payment received prior to service delivery is unearned.

### *Interest Income*

Interest income is recognised based on the interest earned from cash and term deposits, overdue receivable accounts and lease receivables.

### *Grants and subsidies*

Government grants are recognised as revenue where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Government grants are recognised in the Statement of Comprehensive Income over the period in which the Authority recognises expenses that the grants intended to compensate.

The Authority received a grant of \$1.2M (2020: \$0.4M) from the Department of Industry, Innovation and Science (DIIS) and its partners as part of the Cooperative Research Centres Projects (CRC-P) Program. The purpose of the grant is to support short term industry-led collaborations to develop important new technologies, products and services that deliver tangible outcomes. The Authority must ensure that the grant is spent only on eligible Commonwealth funded activities as defined in the CRC-P. The initial payment was made on execution of the grant agreement based on forecast eligible expenditure and allowable in-kind contributions. Subsequent payments are subject to satisfactory progress on the project, compliance by the Authority with its obligations under the agreement and availability of CRC-P funds. The Authority expects to fully comply with its obligations under the CRC-P grant agreement.

In FY2020, grants were paid quarterly in arrears and recognised as revenue in accordance with the project milestones under the grant agreement. In FY2021, the DIIS amended the terms of the grant agreement whereby grants are paid to the Authority based on a schedule of quarterly payments and the Authority has the obligation to return any unspent funds received upon completion of the CRC-P. As a result, the unspent funds were recognised as unearned revenue and grant revenue of \$0.5M (2020: \$0.4M) was recognised in accordance with the expenses incurred under the grant agreement.

The Authority received \$0.1M (2020: \$0) funds this financial year as a member of WaterStart for deployment of technologies that align with innovation priorities. However, WaterStart is entitled to recover from the Authority any unspent funds received. As a result, the unspent funds were recognised as unearned revenue and grant revenue of \$0.04M (2020: \$0) was recognised in accordance with the expenses incurred in line with innovation priorities under the membership agreement.



Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 3. EXPENSES

### 3.1 Bulk water purchases

Bulk water is purchased from Seqwater. The price for bulk water is currently set by the Queensland Government through the Department of Resources. Bulk water purchases are recognised as expenses in the period the water is consumed.

### 3.2 Supplies and services

	Note	2021 \$'000	2020 \$'000
Materials and services		158,655	175,542
Consultancies and legal fees		1,210	1,319
Board fees	24.1	533	534
Other supplies and consumables		13,820	13,449
		174,218	190,844

Consultants are classified according to the Queensland Government Procurement guidance definition.

### 3.3 Employee expenses

	2021 \$'000	2020 \$'000
Salaries and wages	116,444	120,888
Employer superannuation contribution	13,320	13,856
Annual leave expenses	9,635	10,221
Payroll tax	6,991	7,252
Long service leave expenses	3,633	3,653
Other employee related expenses	1,127	1,872
	151,150	157,742
Less: capitalised costs	(25,869)	(23,779)
	125,281	133,963
The number of employees as at 30 June including both full-time and part-time employees measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) is:	1,061 FTE	1,118 FTE

#### Wages and salaries

Wages and salaries due but unpaid at reporting date are recognised as a current liability in the Statement of Financial Position at the current salary rates. The Authority implemented a temporary salary freeze and delayed recruitment of non-critical roles in FY2021 as a result of COVID-19.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 3.3 Employee expenses (cont'd)

### *Superannuation*

The Authority contributes to Local Government Investment Australia Superannuation (LGIAsuper) for employees under both the defined benefit scheme and the accumulation superannuation scheme. The Authority 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 of employees and is not an asset or liability of the Authority. Accordingly, there is no recognition in the financial statements of any over or under funding of LGIAsuper (see Note 10). Contributions are expensed when incurred.

## 3.4 Finance and borrowing costs

	<b>2021 \$'000</b>	<b>2020 \$'000</b>
Queensland Treasury Corporation (QTC) finance costs	89,949	89,826
Interest on Participants' debt	2,063	1,971
Bank charges	2,282	2,134
Interest on leases	680	904
Interest on restoration provision	122	111
	<b>95,097</b>	<b>94,946</b>

Finance and borrowing costs include bank charges, interest on bank overdrafts, borrowings, leases and restoration provision. These are expensed in the period in which they are incurred. Finance and borrowing costs that are not paid in the period in which they are due are accrued as interest payable except for interest on leases which is included in lease liabilities (see Note 19) and the unwinding of the discount on provision for restoration (see Note 13).

## 3.5 Other expenses

	<b>2021 \$'000</b>	<b>2020 \$'000</b>
Insurance	5,462	4,566
Land taxes	4,298	4,282
Audit fees (internal and external)	775	746
Loss on disposal of assets	174	2,337
Impairment of receivables	13	1,423
Other	87	90
	<b>10,808</b>	<b>13,444</b>

### *Audit fees*

Total external audit fees paid to the Queensland Audit Office relating to the FY2021 financial statements are estimated to be \$328,608 (2020: \$333,582). There are no non-audit services included in this amount.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 4. INCOME TAX EQUIVALENT

The Authority is exempt from Federal Government income taxation but is subject to the Local Government Tax Equivalents Regime (LGTER). Under the LGTER, the Authority pays an income tax equivalent to its Participating Councils in accordance with the requirements of its Participation Agreement.

On 6 October 2020, the Federal Government announced the Treasury Laws Amendment (A Tax Plan for the COVID-19 Economic Recovery) Bill 2020 (the Bill) to support Australian businesses to invest, grow and create more jobs through targeted tax incentives. The Bill included:

- Instant Asset Write Off (IAWO) – temporary full expensing of eligible depreciating assets.
- Carry-back of tax losses – temporary loss carry-back which can be used to offset previously taxed profits to generate a refund.

An amendment to the Bill was also issued on 23 November 2020 to allow entities to make an irrevocable choice to opt out of the IAWO on an asset-by-asset basis. The Authority elected to opt out of the provisions of the Bill at 30 June 2021.

### 4.1 Income tax expense

	2021 \$'000	2020 \$'000 Restated*
Current tax expense	79,620	77,724
Deferred tax expense	21,201	24,680
	100,820	102,404
<b>Reconciliation of income tax expense to prima-facie tax payable:</b>		
Profit before income tax equivalent	334,152	332,599
Income tax equivalent expense at 30% (2020: 30%)	100,246	99,780
Non-deductible expenditure	7	13
Permanent difference – depreciation on acquired assets	568	1,404
Permanent difference – accrued leave provisions	-	-
Derecognition of current year deferred tax asset for capital loss	-	1,110
Adjustment for permanent movement form prior period deferred tax asset for capital loss	-	93
Other adjustment	-	4
<b>Total income tax expense</b>	<b>100,820</b>	<b>102,404</b>

\*Refer to Note 1.10 for details of restatement as a result of prior period adjustment.

Income tax expense comprises current and deferred income tax and is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

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

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 4.2 Deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000 Restated*	2021 \$'000	2020 \$'000 Restated*
Provisions	14,086	13,797	-	-	14,086	13,797
Accrued expenses	401	217	-	-	401	217
Plant and equipment	124,793	96,924	(119,564)	(102,086)	5,229	(5,162)
Expenses capitalised for tax	3,656	40	-	-	3,656	40
Carry forward capital losses	36	-	-	-	36	-
Contributed assets	-	-	(270,555)	(240,281)	(270,555)	(240,281)
Other	-	5,519	(981)	(1,435)	(981)	4,084
<b>Amounts recognised directly in equity:</b>						-
Defined benefit plan	-	-	(288)	381	(288)	381
Cash flow hedge	-	-	4	(4)	4	(4)
<b>Tax asset/(liability)</b>	142,972	116,497	(391,385)	(343,425)	(248,413)	(226,928)
Set-off of deferred tax	(142,972)	(116,497)	142,972	116,497	-	-
<b>Net deferred tax asset/(liability)</b>	-	-	(248,413)	(226,928)	(248,413)	(226,928)
<b>Movements in deferred tax assets and liabilities</b>						
Balance at 1 July	116,497	86,665	(336,228)	(278,119)	(219,731)	(191,454)
Adjustment on initial application of AASB 16	-	6,203	-	(6,203)	-	-
Prior period adjustment on donated assets	-	-	(7,197)	(6,793)	(7,197)	(6,793)
Adjusted balance at 1 July	116,497	92,868	(343,425)	(291,115)	(226,928)	(198,247)
Current year's income tax equivalent expense	26,475	23,629	(47,959)	(52,310)	(21,484)	(28,681)
<b>Balance at 30 June</b>	142,972	116,497	(391,385)	(343,425)	(248,413)	(226,928)

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

---

## 4.2 Deferred tax assets and liabilities (cont'd)

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets 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. A deferred tax liability is recognised for income taxes payable in future periods in respect of taxable temporary differences. The Authority has a legally enforceable right to offset current tax assets and liabilities, a net deferred tax asset or liability is presented in the Statement of Financial Position. The recognised deferred tax asset and deferred tax liability both relate to the same taxation authority.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 5. CASH AND CASH EQUIVALENTS

	2021 \$'000	2020 \$'000
Cash at bank and on hand	6,498	72,845
Cash and cash equivalents in the Statement of Cash Flows	6,498	72,845

Cash and cash equivalents include cash at bank and cash on hand.

### 5.1 Reconciliation of profit after income tax to net cash from operating activities

	Notes	2021 \$'000	2020 \$'000 Restated*
<b><i>Cash flows from operating activities</i></b>			
Profit for the year		233,332	230,195
<i>Adjustments for:</i>			
Depreciation and amortisation	8, 9, 19	224,884	205,807
Loss on disposal of assets	3.5	174	2,337
Donated assets	2.2	(112,293)	(112,387)
Impairment of receivables	6	13	1,423
<b><i>Change in assets and liabilities</i></b>			
Increase in trade and other receivables		(88,879)	(7,262)
Decrease (increase) in other assets		39,767	(5,267)
Decrease in trade and other payables		2,256	(10,551)
Increase (decrease) in employee benefits		57	3,421
Increase in other liabilities		14,692	6,140
Increase in deferred tax		21,201	24,684
Net cash inflow from operating activities		335,204	338,540

### 5.2 Funding facilities

	2021 \$'000	2020 \$'000
QTC working capital facility	300,000	200,000
Overdraft facility - Commonwealth Bank	5,000	5,000
Total facility	305,000	205,000
Amount of facility undrawn	278,000	110,000

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 6. TRADE AND OTHER RECEIVABLES

	2021 \$'000	2020 \$'000
<b>Current</b>		
Trade and other receivables	157,388	68,599
Provision for impairment	(8,553)	(8,631)
<b>Total</b>	<b>148,834</b>	<b>59,968</b>

Trade and other receivables are recognised at the amounts due at the time of invoicing, sale or service delivery. Settlement of these amounts is required within 30 days from invoice date, therefore, classified as current. During the current financial year, the Authority commenced billing access charges in line with volumetric charges where access charges are now billed in arrears. This change contributed to the significant increase in trade and other receivables as at 30 June 2021. Due to the short term nature of the current receivables, their carrying amount approximates fair value. Interest of 8.53% (2020: 11%) is charged on trade receivables that are overdue based on the government prescribed rate.

	2021 \$'000	2020 \$'000
<b><i>Movements in the provision for impairment:</i></b>		
Balance at the beginning of the year	(8,631)	(8,275)
Amounts written off during the year	91	1,067
Decrease (increase) in provision	(13)	(1,423)
Balance at the end of the year	<b>(8,553)</b>	<b>(8,631)</b>

Collectability of receivables is reviewed and assessed periodically for the impairment provision. All known bad debts are written off periodically and/or as at 30 June. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Comprehensive Income.

The provision for impairment of receivables is estimated based on the 'expected credit loss' (ECL) model. The ECL is calculated using a provision matrix, which incorporates both historical and forward-looking information to determine the accounts' default rates by category.

The gross carrying amount of a financial asset is written off when the Authority has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Authority individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. Refer to Note 17.2 for the Authority's credit risk exposure and risk management strategy.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 7. OTHER ASSETS

	2021 \$'000	2020 \$'000
<b>Current</b>		
Accrued utility charges	130,942	174,798
Prepayments	8,066	4,909
Inventories held for use	4,844	4,118
Lease receivables	71	283
Renewable energy certificates	52	285
Other	1,395	1,459
	145,371	185,853
<b>Non-current</b>		
Prepayments	757	-
Lease receivables	-	42
	757	42
<b>Total</b>	146,127	185,895

### *Accrued utility charges*

Accrued utility charges are recognised for fixed access charges and unbilled water consumption based on customers' historical usage for the period between the date of the last available meter reading and the end of the reporting period.

### *Inventories held for use*

Inventories are valued at the lower of cost and net realisable value. Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition.

Inventories such as materials and supplies are held for use in the rendering of services. The amount of inventories recognised as an expense during the period is \$2.8M (2020: \$2.8M).

Water that resides in the Authority's infrastructure assets at the reporting date is not recognised as inventory as any value that would be attributed to that water is not considered to be material.

### *Renewable energy certificates*

Renewable energy certificates (RECs) consisted of 1,584 (2020: 7,613) large-scale generation certificates (LGCs) issued by the Clean Energy Regulator to the Authority for the renewable energy power station accreditation of the cogeneration engine at Oxley Sewerage Treatment Plant under the *Renewable Energy (Electricity) Regulations 2001*. The RECs are held by the Authority for the purpose of trading and are measured at fair value.

### *Lease receivables*

Lease receivables were recognised under AASB 16 based on the present value of lease payments to be received over the lease term (see Note 19). Lease receivables are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. All other lease receivables are classified as non-current.



Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 8. PROPERTY, PLANT AND EQUIPMENT

### 8.1 Recognition and acquisition

#### *Recognition thresholds*

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Items of property, plant and equipment with a total value in excess of the following thresholds are recognised in the year of acquisition:

Asset Type	Threshold Amount (\$)
Land	1
Buildings	5,000
Plant and equipment	5,000
Fleet	5,000
Infrastructure (water supply and sewerage network assets)	1

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

All network assets are capitalised. Network assets are defined as the accumulation of individual items or components operating together in the provision of a particular service. Interconnected infrastructure assets are treated as network assets. Items with a lesser value than the recognition threshold are expensed during the year.

Assets donated by developers are initially recorded at fair value when the Authority obtains control of the assets, that is, upon issue of the connection certificate to developers.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

#### *Cost of acquisition*

Acquisitions of property, plant and equipment are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including engineering design fees and all other establishment costs.

Costs incurred subsequent to the initial asset capitalisation are added to the carrying amount of the existing asset only when it improves the condition of the asset beyond its original standard useful life and any of following criteria is met:

- the asset performs an additional function;
- the asset provides increased capacity;
- the asset has a significant increase in its remaining useful life; or
- statutory enhancements performed to comply with a law or rule.

If it is probable there will be no enhancement of economic benefits, the additional costs are expensed in the financial year in which they are incurred.

Contractual commitments for the acquisition of property, plant and equipment are disclosed in Note 20.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 8.2 Assets under construction

Property, plant and equipment under construction at year end is valued at cost, including the cost of materials, direct labour and an appropriate proportion of overheads excluding administration costs. Assets under construction are assessed regularly for capitalisation and where costs cannot be capitalised, these are expensed. Assets under construction are not depreciated until they are completed and commissioned ready for use.

## 8.3 Measurement at cost

Plant and equipment and fleet assets are measured at cost less accumulated depreciation.

## 8.4 Depreciation expense

Land is not depreciated. Other property, plant and equipment classes are 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. The estimated useful life, residual values and the depreciation method applied to assets are reviewed annually. Details of estimated standard useful lives of assets are set out below:

Asset Type	Useful Life (in years)
Buildings and improvements	15 - 80
Plant and equipment	3 - 60
Fleet	3 - 10
Infrastructure:	
– Water supply network assets	10 - 110
– Sewerage network assets	10 - 100

Items or components that form an integral part of a complex infrastructure asset are recognised as a separate asset. These items or components may be replaced during the useful life of the complex asset. Each component is depreciated over its individual useful life or useful life of the complex asset, whichever is shorter.

Property, plant and equipment is depreciated from the date acquired or installed and ready for use or, for internally constructed assets, from the time an asset is completed and commissioned ready for use.

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

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 8.5 Balances as at 30 June

	2021 \$'000	2020 \$'000 Restated*
Land:		
At fair value	68,379	66,043
Buildings:		
At fair value	25,183	25,183
Less: Accumulated depreciation	(14,188)	(12,464)
	10,995	12,719
Plant and equipment:		
At cost	10,047	10,524
Less: Accumulated depreciation	(6,231)	(5,960)
	3,816	4,564
Fleet:		
At cost	31,763	32,943
Less: Accumulated depreciation	(16,361)	(14,934)
	15,401	18,009
Water supply network:		
At fair value	2,951,066	2,758,930
Less: Accumulated depreciation	(574,724)	(507,674)
	2,376,342	2,251,256
Sewerage network:		
At fair value	4,493,602	4,208,324
Less: Accumulated depreciation	(1,184,024)	(1,054,252)
	3,309,578	3,154,072
Assets under construction:		
At cost	405,197	466,206
Carrying amount	6,189,708	5,972,869

\*Refer to Note 1.10 for details of restatement as a result of prior period adjustment.

The Authority has water supply network and sewerage network assets with written down values of zero that are still being used in the provision of services. The original cost of these assets is \$34.0M (2020: \$23.3M) for water supply network and \$194.4M (2020: \$123.9M) for sewerage network assets. The Authority does not intend to retire these assets in the next 12 months.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 8.6 Reconciliation of carrying amount

	Land (Level 3)	Buildings (Level 3)	Plant and equipment	Fleet	Water supply network (Level 3)	Sewerage network (Level 3)	Assets under construction	Total
2021	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	66,043	12,719	4,564	18,009	2,251,256	3,154,072	466,206	5,972,869
Additions at cost	2,336	-	255	1,490	-	-	305,600	309,681
Donated assets	-	-	-	-	51,135	61,159	-	112,293
Disposals	-	-	(95)	(595)	(447)	(18)	-	(1,154)
Revaluation	-	-	-	-	-	-	-	-
Assets under construction capitalised	-	-	-	-	142,465	224,144	(366,609)	-
Depreciation for the year	-	(1,724)	(908)	(3,503)	(68,067)	(129,779)	-	(203,982)
Carrying amount at 30 June	68,379	10,995	3,816	15,401	2,376,342	3,309,578	405,197	6,189,708
Carrying amount at cost	65,807	10,258	3,816	15,401	2,280,906	3,177,801	405,197	5,959,186

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 8.6 Reconciliation of carrying amount (cont'd)

	Land (Level 3)	Buildings (Level 3)	Plant and equipment	Fleet	Water supply network (Level 3)	Sewerage network (Level 3)	Assets under construction	Total
2020 Restated*	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	65,584	11,730	5,141	17,841	2,146,689	3,003,575	457,650	5,708,210
Additions at cost	237	2,778	388	4,837	-	-	296,743	304,984
Donated assets	222	-	-	-	73,558	75,848	-	149,628
Disposals	-	-	-	(775)	(1,230)	(1,223)	-	(3,228)
Revaluation	-	-	-	-	-	-	-	-
Assets under construction capitalised	-	-	-	-	95,093	193,093	(288,187)	-
Depreciation for the year	-	(1,789)	(965)	(3,894)	(62,855)	(117,221)	-	(186,724)
Carrying amount at 30 June	66,043	12,719	4,564	18,009	2,251,256	3,154,072	466,206	5,972,869
Carrying amount at cost	63,471	11,982	4,564	18,009	2,155,820	3,022,296	466,206	5,742,348

\*Refer to Note 1.10 for details of restatement as a result of prior period adjustment.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 8.7 Asset revaluation surplus movement

	Land	Buildings	Water supply network	Sewerage network	Total
2021	\$'000	\$'000	\$'000	\$'000	\$'000
Balance 1 July 2020	1,789	487	59,704	90,955	152,935
Revaluation decrements related to asset disposal	-	-	-	-	-
Balance 30 June 2021	1,789	487	59,704	90,955	152,935

	Land	Buildings	Water supply network	Sewerage network	Total
2020	\$'000	\$'000	\$'000	\$'000	\$'000
Balance 1 July 2019	1,789	516	59,953	91,765	154,023
Revaluation decrements related to asset disposal	-	(29)	(249)	(810)	(1,088)
Balance 30 June 2020	1,789	487	59,704	90,955	152,935

The asset revaluation surplus has been adjusted for disposed assets at 30 June 2020.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 8.8 Measurement at fair value

Land, buildings and infrastructure assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*. 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.

Assets within each class of property, plant and equipment carried at fair value are subject to ongoing review and revaluation, as necessary, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimated remaining useful life. Revaluation adjustments are recognised in equity.

A fair valuation of the Authority was undertaken as at 30 June 2021 using a discounted cash flow methodology, which determined the fair value to be \$6.3B (2020:\$6.1B). This review did not result in a material impact on the values of the property, plant and equipment classes.

The Authority's review of its fair value methodology was based on AASB 13 *Fair Value Measurement* (see Note 16). The fair values reported in these financial statements are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs. The inputs involved are not based on observable market data. Therefore, these assets have been categorised as level 3 in the fair value hierarchy and there have been no transfers between levels in the current and prior year.

## 8.9 Key valuations assumptions used

### *Price path post 1 July 2021*

Fair value modelling cash flows are estimated using the building block method consistent with the approach used by the Queensland Competition Authority in determining maximum allowable revenue.

### *Valuation techniques and process used to determine level 3 fair values*

Estimates of fair value are prepared by management and presented to the Audit and Risk Committee (ARC), which recommends their adoption to the Board. An independent review of management's estimates is provided to the Board to assist in their adoption of the fair values.

Fair value has been determined using the discounted cash flow valuation methodology. These valuations are based on the projected cash flows using the revenue price paths and, capital and operating expenditure growth rates. As only a small amount of non-regulated revenue is included in the model and the Authority follows prudent and efficient expenditure practices, the modelling has been performed for only two scenarios in FY2021 (2020: two) and an average determined. Scenarios include the terminal value inputs below for a revenue price path based on maximum allowable revenue.

### *Climate-related and other emerging risks*

Any increase or decrease in operating costs results in an equivalent increase or decrease in the maximum allowable revenue (MAR). Therefore, no changes were built into the fair value model for any changes in operating expenses related to climate-related risks. Any capital investment required to address climate-related risks is incorporated in the forward 30 year capital plan. As the forward costs are minimal, climate-related risks has little impact on the value of the Authority's property, plant and equipment at 30 June 2021.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 8.9 Key valuations assumptions used (cont'd)

### *Valuation inputs and relationships to fair value*

The following table summarises the quantitative information about the significant unobservable inputs used in the level 3 fair value measurements:

Unobservable inputs	Basis	Range of inputs	Relationship between unobservable inputs and fair value
Revenue price path	Maximum allowable revenue (MAR) <sup>1</sup>	FY2022 to FY2041 (2020: FY2021 to FY2040)	The higher the annual revenue cash flow, the higher the fair value
Operating expenditure growth rate	Average growth as forecast by management	2.5% (2020: 2.3%)	The higher the annual growth in operating expenditure, the lower the fair value
Capital expenditure growth rate	Average growth as forecast by management	2.5% (2020: 2.3%)	The higher the annual growth in capital expenditure, the lower the fair value
Terminal value	Gordon Growth Model <sup>2</sup> ; and Regulatory Asset Base (RAB)	(1) Gordon Growth Model (2) RAB \$5.6B to \$6.9B (2020: \$5.6B to \$6.5B)	The higher the terminal value, the higher the fair value
Weighted average cost of capital (WACC)	Developed by management in consultation with independent experts	Post-tax WACC 5.52% (2020: 5.52%)	The higher the WACC, the lower the fair value. WACC is determined by the combination of cost of debt and cost of equity.

<sup>1</sup>Maximum allowable revenue is a function of operational expenditure, capital expenditure and the WACC discount rate, and any increase/decrease in one of these inputs will result in an increase/decrease to revenue. These interrelationships mitigate the effect of changes to these inputs on the fair value measurement.

<sup>2</sup>The Gordon Growth Model is used to calculate the intrinsic value of an asset today, based on the asset's expected constant growth rate.



Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 8.10 Impairment of non-current assets

Each non-current physical and intangible asset is assessed for indicators of impairment annually. If possible impairment indicators exist, the Authority determines the asset's recoverable amount. When the asset's carrying amount exceeds the asset's recoverable amount, the difference is recorded as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use.

Following assessment of the fair value, the Authority has undertaken an impairment review. Internal indicators of impairment including obsolescence or physical damage, significant changes with an adverse effect and internal reporting concerning economic performance of an asset were considered, together with external sources of information such as changes in technological, market, economic or legal environment, changes in the regulated environment, policy and/or legislative changes and market interest rate changes. There were no internal or external indicators of impairment.

An impairment loss is recognised as an expense in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount where the impairment loss is offset against the asset revaluation surplus recorded.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation surplus increase.

## 9. INTANGIBLE ASSETS

	Software		Assets under construction		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Carrying amount at 1 July	24,762	17,712	100,916	57,041	125,678	74,753
Adjustment on application of IFRIC decision on SaaS (see Note 1.11)	(5,112)		(2,143)		(7,255)	
Acquisitions at cost	-	-	43,070	64,027	43,070	64,027
Disposals	-	-	-	-	-	-
Assets under construction capitalised	88,017	20,152	(88,017)	(20,152)	0	-
Amortisation for the year	(15,180)	(13,102)	-	-	(15,180)	(13,102)
<b>Carrying amount at 30 June</b>	<b>92,487</b>	<b>24,762</b>	<b>53,825</b>	<b>100,916</b>	<b>146,312</b>	<b>125,678</b>
Gross carrying amount	138,549	58,863	53,825	100,916	192,374	159,779
Accumulated amortisation	(46,062)	(34,101)	-	-	(46,062)	(34,101)
Carrying amount at cost	92,487	24,762	53,825	100,916	146,313	125,678

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

---

## 9. INTANGIBLE ASSETS (CONT'D)

### *Acquisition and recognition*

Intangible assets (mainly purchased and internally generated software) with a value equal to or greater than \$10,000 are recognised as assets in the year of acquisition. Items with a lesser value than the recognition threshold are expensed during the year.

Intangible assets recognised by the Authority have no active market; the assets are recognised at cost less accumulated amortisation and impairment losses. Subsequent costs are capitalised only when it increases the future economic benefits of the intangible asset to which it relates.

Development costs are assessed regularly for capitalisation and where costs cannot be capitalised, these are expensed. Development costs are not amortised until the software is completed and ready for use.

Contractual commitments for the acquisition of intangible assets are disclosed in Note 20.

### *Amortisation expense*

Amounts paid for computer software in excess of the recognition threshold are capitalised and then amortised on a straight-line basis over the expected period of benefit of 3 – 10 years. The estimated useful life values and the amortisation method applied to assets are reviewed annually.

The Authority has software assets with written down values of zero that remain in use in the provision of services. The original costs of these assets are \$14.0M (2020: \$8.2M).

### *Cloud computing arrangements*

Software-as-a-Service (SaaS) cloud computing arrangements are service contracts providing the Authority with the right to access the cloud provider's application software over the contract period. As such the Authority does not receive a software intangible asset at the contract commencement date. A right to receive future access to the supplier's software does not, at the contract commencement date, give the Authority the power to obtain the future economic benefits flowing from the software itself and to restrict others' access to those benefits.

The application software access fee, the customisation costs and configuration costs are recognised as an operating expense over the term of the service contract if the services are not separately identifiable. Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.

Implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received. Where the SaaS arrangement is that supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software. Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised. Non-distinct configuration and customisation costs are expensed over the SaaS contract term.

Non-distinct customisation activities significantly enhance or modify a SaaS cloud-based application. Judgement has been applied in determining whether the degree of customisation and modification of the SaaS cloud-based application is significant or not.

During the financial year, the Authority recognised \$3.8M (see Note 1.11) as prepayments in respect of configuration and customisation activities undertaken in implementing SaaS arrangements which are considered not distinct from the access to the SaaS application software over the contract term.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 10. SUPERANNUATION

Refer to Note 3.3 for details of amount of superannuation contributions paid by the Authority to the superannuation funds in respect of this year for the benefit of the employees.

### 10.1 Local government superannuation scheme – LGIASuper

The Authority contributes to the LGIASuper (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB 119 Employee Benefits. The scheme is a regulated complying superannuation fund under the Commonwealth Superannuation Industry (Supervision) (SIS) legislation and for taxation purposes. The SIS Regulation governs the superannuation industry and provides the framework within which superannuation plans operate. The SIS Regulation requires an actuarial valuation to be performed for each defined benefit superannuation plan every three years, or every year if the plan pays defined benefit pensions.

LGIASuper implemented a merger with Energy Super on 1 July 2021 to deliver benefits to members including increased investment opportunities, lower investment and administration fees, and greater scope to enhance products and services. In addition, it will also acquire Suncorp's superannuation business, Suncorp Portfolio Services Limited, towards the second half of FY2022 as part of LGIASuper's plan to grow and improve the fund, and to ensure its long-term sustainability and performance for members. Both the merger and business acquisition will not materially impact the Authority.

LGIASuper is responsible for the governance of the scheme. LGIASuper has a legal obligation to act solely in the best interest of the scheme beneficiaries. LGIASuper has the following roles:

- administration of the scheme and payment to the beneficiaries from the scheme assets when required in accordance with the scheme rules;
- management and investment of the scheme assets; and
- compliance with superannuation law and other applicable regulations.

The Scheme has three elements:

- The Accumulation Benefits Fund (ABF) is a defined contribution scheme as defined in AASB 119. The ABF is open to new members. Additional accumulation benefits are also provided within the ABF for most defined benefit members. The Authority has no liability to or interest in the ABF other than the payment of the statutory contributions (see Note 3.3);
- The Regional Defined Benefits Fund (Regional DBF), which covers defined benefit fund members working for regional areas, is a defined benefit plan as defined in AASB 119. The Regional DBF is closed to new members. The Authority is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB 119 because the scheme is unable to account to the Authority its proportionate share of the defined benefit obligations, plan assets and costs (see to Note 10.2); and
- The City Defined Benefits Fund (City DBF), which covers former members of the City Super Defined Benefits Fund, is a defined benefit plan as defined in AASB 119. The City DBF is closed to new members. The Authority engaged an actuary to assess the values and to provide the disclosures in accordance with AASB 119 (see Note 10.3).

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position. Each DBF was also in a satisfactory financial position as at the valuation date." The net assets of the Regional DBF and City DBF should remain in excess of the corresponding vested benefits up to 1 July 2021. On this basis, the financial position of the each DBF and the scheme, as a whole, is expected to remain satisfactory up to 1 July 2021. The Authority is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

---

## 10.1 Local government superannuation scheme – LGIASuper (Cont'd)

There have been no changes to the benefits of Regional DBF and City DBF members considered in the valuation over the three years ending 1 July 2018. No changes have been made to prescribed employer contributions and there are no known requirements to change the rate of contributions.

The next triennial actuarial review will be conducted no later than 1 July 2021.

The most significant risks that may result in LGIASuper increasing the contribution rate, on the advice of the actuary are:

- Investment risk - The risk that investment returns will be lower than assumed and the Authority will need to increase contributions to offset this shortfall.
- Salary growth risk - The risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- Legislative risk - The risk that legislative changes could be made which increase the cost of providing the defined benefits.

The Superannuation Guarantee employer contribution rate will be increased from 9.5% to 10% on 1 July 2021.

## 10.2 Regional Defined Benefit Fund

The Authority contributes to the Regional DBF at the rate of 14% for each permanent employee who is a defined benefit member. The rate set by the LGIASuper trust deed is 12% and may be varied on the advice of an actuary. The actuary report as at 1 July 2018 recommended the following rates:

- 12% of salaries for members contributing at 6% of salary.
- 11% of salaries for members contributing at 5% salary.
- Additional contributions to the ABF for Regional DBF members of 9.5% of the excess of ordinary time earnings over the Regional DBF salary.

Any amount by which the scheme is over or under funded would only affect future benefits and contributions to the Regional DBF and is not a current asset or liability of the Authority.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

There are currently 64 (2020: 62) entities with 1,477 (2020: 1702) DBF members contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all entities. The Authority made less than 4% of the total contributions to the plan in FY2021.

	2021 \$'000	2020 \$'000
Contributions made to Regional Defined Benefits Fund	256	284

The Authority expects to make contributions of \$256,000 to the Regional DBF for FY2022.

## 10.3 City Defined Benefits Fund

City DBF members receive lump sum benefits on retirement, death, disablement and withdrawal. The defined benefit section of the City DBF is closed to new members. The Authority has 15 (2020: 15) employees funded under this benefit. The Authority has provided a written guarantee to LGIASuper which commits the Authority to fund the defined benefits of employees who are members of City DBF.

The defined benefit assets are invested in the LGIASuper Balanced investment option. The assets are diversified within this investment option and therefore the City DBF has no significant concentration of investment risk. There were no fund amendments affecting the defined benefits payable, nor were there any curtailments or settlements occurring during the year. Actuarial gains and losses are recognised as other comprehensive income in the year in which they occur.

The Authority is not aware of any asset and liability matching strategies adopted by the City DBF. The financing approach adopted at the 1 July 2018 actuarial investigation of the City DBF, in a report dated 29 November 2018, is to ensure sufficient assets are available to meet benefits as and when they fall due while also to target appropriate coverage of vested benefits. In that investigation, it was recommended that the Authority contributes to the City DBF as follows:

- In respect of defined benefit members:
  - 14% of members' salaries (inclusive of the 3% occupational contribution) from 1 July 2018 to 31 December 2018;
  - 0% of members' salaries (inclusive of the 3% occupational contribution) from 1 January 2019 to 31 December 2021; and
  - 14% of salaries (including the occupational account contribution) from 1 January 2022 onwards.
- In respect of accumulation members, 14% of salaries for permanent employees and 9% of salaries for casual employee; and
- 5.88% of salaries for defined benefit members' contributions made via salary sacrifice.

LGIASuper's actuary reported that the value of the City DBF's assets are sufficient to meet the value of the City DBF's liabilities and recommended that contributors to the City DBF, including the Authority, cease paying contributions to the City DBF from 1 July 2019 for a period of three years, at which point the fund will be reviewed again.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 10.3 City Defined Benefits Fund (cont'd)

	2021 \$'000	2020 \$'000
<b>Net defined benefit asset<sup>1</sup></b>		
Net asset at start of the year	3,186	4,456
Net asset at end of year	4,147	3,186
<b>Fair value of Fund assets<sup>2</sup></b>		
Fair value at beginning of the year	11,345	11,866
Fair value at end of the year	11,698	11,345
<b>Defined benefit obligation<sup>3</sup></b>		
Present value at beginning of the year	8,159	7,410
Present value at end of the year	7,551	8,159

<sup>1</sup>Movements in the net defined benefit asset were primarily due to current service cost, net interest, returns on Fund assets and actuarial losses/gains and employer contributions. The asset ceiling has no impact on the net defined benefit asset.

<sup>2</sup>Movements in the fair value of Fund assets were primarily due to interest income, returns on fund assets, employer contributions, contributions by plan participants, benefits paid and taxes, premiums and expenses paid.

<sup>3</sup>Movements in the defined benefit obligation were primarily due to current services cost, interest cost, contributions by fund participants, actual losses/gains benefits paid and taxes, premiums and expenses paid. The weighted average duration of the defined benefit obligation is 6 years.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 11. TRADE AND OTHER PAYABLES

	2021 \$'000	2020 \$'000
<b>Current</b>		
Trade creditors	49,097	45,102
Infrastructure agreement liabilities	1,295	2,878
Other payables	5,190	5,345
	55,581	53,325
<b>Total</b>	55,581	53,325

### *Trade creditors*

Creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts. Outstanding amounts are unsecured and are generally settled within 30 days. Information about the Authority's exposure to liquidity risks is included in Note 17.3.

### *Infrastructure agreement liabilities*

Developer contributions for specific assets under an infrastructure agreement are recognised as liability where the specific asset has not been constructed at reporting date.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 12. EMPLOYEE BENEFITS

	2021 \$'000	2020 \$'000
<b>Current</b>		
Long service leave	17,640	16,344
Annual leave	13,259	13,783
Accrued salaries and wages	1,570	2,599
Time in lieu	157	28
	32,625	32,754
<b>Non-current</b>		
Long service leave	4,622	4,436
	4,622	4,436
<b>Total</b>	37,247	37,190

Employee benefits are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. All other employee benefits are classified as non-current.

### *Annual leave*

Accumulated annual leave represents the amount the Authority is required to pay its employees for services provided up to reporting date. The annual leave liability is calculated at nominal amounts based on remuneration rates that would be required to be paid, plus related on-costs if the liability is settled at reporting date. Annual leave is classified as a current liability in the Statement of Financial Position.

### *Time in lieu*

Accumulated leave in lieu represents the amount the Authority is required to pay its employees for services provided up to reporting date in excess of regular working hours, such as statutory holidays worked and overtime. The leave in lieu liability is calculated at nominal amounts based on remuneration rates that would be required to be paid plus related on-costs if the liability is settled at balance date. Leave in lieu is classified as a current liability in the Statement of Financial Position.

### *Long service leave*

The provision for long service leave represents the present value of the estimated future cash outflows required to pay employees for services provided up to reporting date and an actuarial estimate of future obligations, taking into account future increases in wage and salary rates, periods of service and experience of employee departure, plus related on-cost. This amount is reported as a current liability in the Statement of Financial Position.

Where there is no present obligation to pay at reporting date, amounts are discounted using the rates attaching to high quality corporate bonds at reporting date that most closely match the terms of maturity of the related liabilities. This amount is reported as a non-current liability in the Statement of Financial Position.

### *Termination benefits*

Termination benefits are payable when employment is terminated by the Authority before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognised at the earlier of when the Authority can no longer withdraw the offer of those benefits and when the Authority recognises costs for a restructuring (see Note 13). In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.



Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 13. OTHER LIABILITIES

	2021 \$'000	2020 \$'000
<b>Current</b>		
Accrued capital program costs	37,322	35,981
Accrued bulk water purchases	37,702	36,359
Accrued interest	7,892	7,710
Unearned revenue	1,934	1,077
Provision for restructuring	1,121	148
Provision for restoration	512	159
Other	14,809	14,615
	101,292	96,050
<b>Non-current</b>		
Provision for restoration	2,211	2,611
Unearned revenue	-	14
	2,211	2,625

### *Accrued capital program costs*

Cost incurred for capital assets under construction is recognised as liability when not yet paid.

### *Accrued bulk water purchases*

Bulk water purchases consumed is recognised as liability when not yet paid.

### *Unearned revenue*

Revenue received in advance for services not yet provided is deferred and is recognised in the Statement of Comprehensive Income on delivery of the services. Developer contributions for specific assets are recognised as liability where the specific asset has not been constructed at reporting date.

### *Provision for restructuring*

A provision for restructuring cost (including termination payments) is recognised when the Authority has approved a detailed and formal restructuring plan, and the restructuring has either commenced or been publicly announced.

### *Provision for restoration*

In accordance with the existing lease agreements, the Authority is required to restore the leased buildings to its original condition at the end of the lease. The Authority estimated the amount of building restoration using a discount rate similar to the borrowing rate used for estimating the lease liability under AASB 16. A corresponding right-of-use asset is recognised in Note 19.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 14. CONTRIBUTED EQUITY

### 14.1 Participation returns

	Note	2021 \$'000	2020 \$'000
In accordance with the Participation Agreement, the Board declared the final participation return payment of \$79.5M (2020: \$79.5M) on 21 June 2021. Payment will be made on 30 September 2021.		79,500	79,500
An interim participation return was paid on 31 January 2021. The floor return was set by the Board on 21 May 2018 and confirmed by the Board on 15 June 2020.		79,500	79,500
Total participation rights paid/payable		159,000	159,000
Amounts per Participant:			
Brisbane City Council (85.007%)		135,161	135,161
Ipswich City Council (12.222%)		19,433	19,433
Lockyer Valley Regional Council (0.903%)		1,436	1,435
Scenic Rim Regional Council (1.042%)		1,657	1,657
Somerset Regional Council (0.826%)		1,313	1,314
	24.5	159,000	159,000
Cash payments to Participants during the financial year		159,000	156,000

Participation returns are paid to the Participating Councils in accordance with the terms of the revised Participation Agreement.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 14.1 Participation returns (cont'd)

Total returns to Participating Councils are as follows:

	2021 \$'000	2020 \$'000
Participation returns	159,000	159,000
Income tax	79,620	77,724
Interest	2,063	1,971
Land tax	4,298	4,282
Stamp duty	36	159
	245,016	243,136

Central SEQ Distributor-Retailer Authority

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

---

### 14.2 Assets and liabilities transferred

On 1 July 2010 the participating Councils transferred the assets, liabilities, instruments and employees necessary for Urban Utilities to commence trading under a scheme made in accordance with the Act and gazetted on 29 June 2010.

	1 July 2010 \$'000
Summary of the transferred assets and liabilities is:	
Property, plant and equipment	4,003,528
Capital works in progress	227,794
Cash	9,006
Employee entitlements	(31,424)
QTC debt transferred to Queensland Urban Utilities	(183,092)
	<hr/> 4,025,812 <hr/>
<i>Represented by:</i>	
Contributed equity	2,538,793
Participant's debt	1,487,019
	<hr/> 4,025,812 <hr/>

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 15. LOANS AND BORROWINGS

	2021 \$'000	2020 \$'000
<b>Current</b>		
QTC working capital facility	27,000	95,000
Total	27,000	95,000
<b>Non-current</b>		
QTC client specific pool	2,401,680	2,251,680
Participating Councils:		
Lockyer Valley Regional Council	14,736	14,736
Scenic Rim Regional Council	14,676	14,676
Somerset Regional Council	43,804	13,804
	73,215	43,215
Total	2,474,895	2,294,895
<b>Total</b>	<b>2,501,895</b>	<b>2,389,895</b>

Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, then, subsequently held at amortised cost using the effective interest method. The fair value of the client specific pool loans determined by QTC, calculated using discounted cash flow analyses and the effective interest rate, and stated in the financial statements for disclosure purposes only is \$2,540M (2020: \$2,456M).

Borrowings are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the Authority does not have an unconditional right to defer settlement to beyond 12 months after the reporting date. All other borrowings are classified as non-current.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

---

## 15. LOANS AND BORROWINGS (CONT'D)

### *Queensland Treasury Corporation (QTC)*

(a) General purpose borrowings – the Authority borrows from QTC to fund a range of non-specific capital projects. Repayments are made monthly in accordance with the underlying borrowing rate after adjustment for new borrowings and earlier repayments. At year end, the outstanding QTC loan balance is disclosed at book value.

(b) The Authority has access to a working capital facility with QTC - refer to Note 5.2 for details of the funding facilities.

The weighted average borrowing rate for QTC borrowings as at 30 June 2021 is 3.76% (2020: 4.07%). Interest payments are made monthly in arrears at rates ranging from 0.48% to 3.85% (2020: 0.96% to 4.49%).

### *Participants' loans*

Loans subject to an annual resetting fixed rate are in place with Lockyer Valley Regional Council with an expiry date of 30 June 2023, and Scenic Rim Regional Council and Somerset Regional Council with an expiry date of 30 June 2028. The agreement to extend the loan with Lockyer Valley Regional Council up to 30 June 2028 is expected to be signed in the near future. The fixed rate for the year ended 30 June 2021 year was 4.22% (2020: 4.56%), with the loans requiring monthly interest-only payments. No participating loans were repaid to Participating Councils during the year. During the year, the Authority entered into an additional \$30M loan with Somerset Regional Council at a fixed rate of 1.26%.

All borrowings are in Australian dollar denominated amounts. No borrowing costs have been capitalised during the current financial year. There were no defaults or breaches of the loan agreements during the year. No fair value adjustment is made to the carrying amount of the borrowings. No assets have been pledged as security for any liabilities.

Information about the Authority's exposure to interest rate, foreign currency and liquidity risks is included in Note 17.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

---

## 16. FAIR VALUE MEASUREMENT

### 16.1 Accounting policies and inputs for fair values

The Authority measures financial instruments and non-financial assets at fair value at each reporting date. 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using or selling the asset in its highest and best use. All assets and liabilities 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 - quoted market prices in active markets for identical assets and liabilities;

Level 2- inputs (other than quoted prices included within Level 1) that are directly or indirectly observable; and

Level 3 - inputs for the asset or liability that are substantially derived from unobservable inputs.

The Authority recognises any evident transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers of assets between fair value hierarchy levels during the period. The key valuation assumptions used by the Authority are outlined in Notes 7, 8, 10, 12 and 17.

The Authority's FY2020 derivative financial assets and liabilities, which were measured at fair value on a recurring basis, were categorised as Level 2 measurements using discounted cash flows methodology. For forward exchange contracts, market quoted forward exchange rates are used as inputs, discounted based on applicable yield curves derived from market quoted interest rates and the credit risk of various counterparties, at the reporting date. There are no derivatives in FY2021.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 16.2 Categorisation of assets and liabilities measured at fair value

	Notes	Level 1		Level 2		Level 3		Total carrying amount	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000 Restated*	2021 \$'000	2020 \$'000 Restated*
<b>Financial assets</b>									
Derivative financial instruments	17	-	-	-	14	-	-	-	14
<b>Total financial assets</b>		-	-	-	14	-	-	-	-
<b>Property, plant and equipment</b>									
Land	8	-	-	-	-	68,379	66,043	68,379	66,043
Buildings	8	-	-	-	-	10,995	12,719	10,995	12,719
Water supply network	8	-	-	-	-	2,376,342	2,251,256	2,376,342	2,251,256
Sewerage network	8	-	-	-	-	3,309,578	3,154,072	3,309,578	3,154,072
<b>Total property, plant and equipment</b>		-	-	-	-	5,765,294	5,484,090	5,765,293	5,484,090
<b>Other assets</b>									
Defined benefit plan	10.3	-	-	-	-	4,147	3,186	4,147	3,186
Renewable energy certificates	7	52	285	-	-	-	-	52	285
<b>Total other assets</b>		52	285	-	-	4,147	3,186	4,199	3,471
<b>Other liabilities</b>									
Employee benefits - long service leave	12	-	-	-	-	22,262	20,780	22,262	20,780
<b>Total other liabilities</b>		-	-	-	-	22,262	20,780	22,262	20,780

\*Refer to Note 1.10 for details of restatement as a result of prior period adjustment.



Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 17. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Authority becomes a party to the contractual provisions of the financial instrument. No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

### *Derivative financial instruments*

	2021 \$'000	2020 \$'000
<b>Derivative assets</b>		
Forward exchange contracts	-	14
<b>Total</b>	-	14

The Authority used derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks in FY2020. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

### *Hedge accounting*

On initial designation of a derivative as a hedging instrument, the Authority documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy for undertaking the hedge transaction. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. Any gains or losses arising from changes in fair value of derivatives, except those that qualify as effective hedges, are immediately recognised in profit or loss. The Authority has designated all of the derivative financial instruments into hedge relationships as cash flow hedges, as they meet the criteria for hedge accounting. The hedge ratio is one, due to the notional value of the hedged item being hedged equating to the notional value of the hedge instrument.

### *Cash flow hedges*

The Authority's FY2020 foreign exchange contracts (FEC) in Swedish Krona (SEK) were accounted for as cash flow hedges. They were used to hedge exposure to variability in forecast cash flows where the transaction is a firm commitment. Initial recognition of the derivative was at fair value with attributable transaction costs recognised in profit or loss as incurred. Subsequent to initial recognition, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the cash flow hedge reserve under equity. Any ineffective portion of the derivative is recognised immediately in profit or loss. Sources of ineffectiveness include the effect of credit risk on the hedging instrument and the mismatch of the timing of settlements between the hedged item and the hedging instrument. The amount accumulated in the cash flow hedge reserve is reclassified to the carrying value of the hedged item in the same period that the hedged transaction occurs. If the derivative no longer meets the criteria for hedge accounting, for example if it expires, is sold, terminated, exercised or the designation is revoked, then hedge accounting is discontinued prospectively and the balance in equity is reclassified to profit or loss when the forecast transactions are no longer expected to occur.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 17. FINANCIAL INSTRUMENTS (CONT'D)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

Cash flow hedges (SEK FECs)	2021 \$'000	2020 \$'000
Total carrying amount of the hedging instrument	-	14
Change in value of hedging instrument	-	14
Change in value of hedged item	-	14
Change in value of the hedging instrument recognised in reserve	-	(14)
Hedge ineffectiveness recognised in profit or loss	-	-
Amount reclassified from hedge reserve to carrying amount of hedged item	-	-

### Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans/borrowings, and trade and other payables. Financial assets and liabilities are measured at amortised cost which approximates fair value.

### 17.1 Financial risk management

Exposure to financial risks is managed in accordance with 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 Authority.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 17.1 Financial risk management (cont'd)

The Authority's activities expose it to a variety of financial risks as follows:

Risk	Definition	Exposure	Measurement Method	Risk Management Strategies
Credit risk	Credit risk exposure refers to the situation where a financial loss may be incurred as a result of another party to a financial instrument failing to discharge their obligation.	The Authority's credit risk is mainly from the receivables due from customers. The Authority is obliged to provide water and wastewater services without an application for services or regard to customer credit quality. The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment (see Note 6). Although, no collateral is held as security relating to the financial assets held by the Authority, a lien may be claimed on the property for utility debts to reduce the Authority's credit risk exposure. Note that the debt is attached to the property and any outstanding balance is normally paid at settlement when the property is sold.	Ageing analysis	<p>The Authority manages credit risk through the use of credit management strategy which outlines credit collection processes such as referral of overdue accounts to debt collection agency, sending reminder letters and mobile text messages to customers, and entering into payment arrangements with customers. A statutory charge may be registered on the property as lien to secure payment for utility debts. The hardship policy and framework are available for customers experiencing financial hardship. Exposure to credit risk is monitored on an ongoing basis.</p> <p>As a result of the COVID-19 crisis, the Authority has introduced the Urban Assist Program (ended on 30 June 2021) which provides payment extensions and payment plans to both residential and commercial customers. The hardship program has been extended to include commercial customers. Remissions are also now in place for minimum trade waste charges.</p>
Liquidity risk	Liquidity risk refers to the situation where the Authority may encounter difficulty in meeting obligations associated with financial liabilities.	The Authority is exposed to liquidity risk in respect of its trade and other payables (see Note 11) and interest bearing liabilities (see Note 15).	Maturity analysis	Liquidity risk is managed by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 17.1 Financial risk management (cont'd)

Risk	Definition	Exposure	Measurement Method	Risk Management Strategies
Market risk - interest rate	Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	The Authority is exposed to interest rate risk through borrowings (see Note 3.4) and cash deposited in interest bearing accounts (Note 2.3).	Sensitivity analysis	The Authority manages its portfolio by setting, monitoring and adjusting the terms and duration of its loan portfolio as allowed under its commercial financing contract with QTC. The risk in borrowing is effectively managed through QTC's capacity to issue securities with variable terms allowing an appropriate duration for the Authority while diversifying the interest resetting profile.
Market risk - foreign exchange rate	Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.	The Authority's foreign currency risk arises from transactions denominated in currencies other than Australian Dollars; consequently, exposures to exchange rate fluctuations arise.	Sensitivity Analysis	The Authority uses forward exchange contracts to manage the foreign currency risk associated with purchases.
Climate risk - current climate event	This risk is associated with potential loss or impacts associated with weather, climate variability and sea-level rise in the short to medium term (to FY2040)	Not material at this time.	Risk Assessment Procedure	The Authority's asset technical design standards include feasible aspects to make them more resilient to extreme weather and natural disaster events. The Authority has a robust incident and emergency response plan to ensure rapid response during and planned recovery from extreme weather and natural disaster events. The Authority invests in insurance policies for certain assets to reduce potential losses from damage caused by extreme weather and natural disaster events.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 17.1 Financial risk management (cont'd)

Risk	Definition	Exposure	Measurement Method	Risk Management Strategies
Climate risk - the transition to a low carbon economy	<p>The transition to a low carbon economy presents potential regulatory, reputational and fiscal risks.</p> <p>Regulatory – Enforceable undertakings for the Authority to reduce greenhouse gas emissions resulting from delivery of our services.</p> <p>Reputational – The customers and communities may want the Authority to reduce greenhouse gas emissions faster and further than regulatory requirement.</p> <p>Fiscal – The Authority's suppliers and partners transition to a low carbon economy, additional costs may be passed through to the Authority.</p>	Not material at this time.	<p>Australian National Greenhouse and Energy Reporting (NGER) Scheme. Engagement with our customers and communities regarding their expectations around the delivery of our services, such as 'Let's Talk Water'.</p> <p>Ongoing engagement with suppliers and understanding of 'Scope 3' emissions.</p>	<p>WSAA Urban Water Industry Climate Change Position: To contribute to global and national efforts to limit climate change through decarbonisation, the urban water industry will achieve net zero greenhouse gas (GHG) emissions by 2050.</p> <p>The Authority reports annually under the Commonwealth NGER Scheme and has established a corporate target of a 10% reduction in the environmental footprint by 2024 (2019 baseline), which includes GHG emissions.</p> <p>There are no statutory obligations requiring the Authority to reduce GHG emissions.</p>

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 17.1 Financial risk management (cont'd)

Risk	Definition	Exposure	Measurement Method	Risk Management Strategies
Climate risk - future climate adaptation	<p>This risk is associated with potential loss or impacts associated with future weather, climate variability, sea-level rise and natural asset/resources condition in the long term (beyond 2040)</p> <p>This risk targets the Authority's ability to better understand and build resilience (as required) to projected future climate scenarios; and managing the uncertainty of the potential modelled variation in magnitude of longer-term impacts of climate change that are influenced by the success of global climate change mitigation actions.</p>	Not material at this time.	<p>Urban Utilities' Risk Assessment Procedure</p> <p>Specific long-term climate risks are documented in our Climate Risk Register, which guides the Authority's protect, recover and/or adapt actions.</p>	<p>The Climate Risk Working Group oversees the Authority's management of climate change adaptation risks.</p> <p>The Authority continue to monitor the latest climate science and modelled climate change projections and annually update the future climate risks, their uncertainties and mitigation actions accordingly.</p> <p>The Authority focussed on identifying the immediate leverage opportunities – those opportunities and next steps that the Authority can begin to take right now that will deliver value regardless of the rate of escalation and the uncertainty around the magnitude of impact.</p>

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 17.2 Credit risk exposure

### Ageing analysis

The Authority considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Authority in full or the financial asset is more than 90 days past due. Ageing of past due receivables and the amount of impairment is disclosed in the following table:

		Current \$'000	More than 30 days past due \$'000	More than 60 days past due \$'000	More than 90 days past due \$'000	Total \$'000
<b>2021</b>	<b>Notes</b>					
Gross trade and other receivables	6	127,444	598	2,679	26,667	157,388
Provision for impairment	6	(1,573)	(54)	(22)	(6,904)	(8,553)
<b>Total</b>		125,871	543	2,657	19,763	148,834

		Current \$'000	More than 30 days past due \$'000	More than 60 days past due \$'000	More than 90 days past due \$'000	Total \$'000
<b>2020</b>	<b>Notes</b>					
Gross trade and other receivables	6	15,870	12,672	13,037	27,020	68,599
Provision for impairment	6	(70)	(22)	(415)	(8,124)	(8,631)
<b>Total</b>		15,800	12,650	12,622	18,896	59,968

The Authority applied the AASB 9 simplified approach which uses a provision matrix to measure the lifetime expected credit losses of receivables from individual residential and commercial customers, which comprise a very large number of small balances. Default rates are calculated based on actual credit loss experience over the past years. These rates are adjusted to reflect historical, current and future economic conditions over the expected lives of the receivables. The Authority considered the impact of COVID-19 and noted that there is no material impact on the expected credit loss at 30 June 2021. No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired and are stated at the carrying amount as indicated.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 17.3 Liquidity risk

### Maturity analysis

The following table sets out the liquidity risk of the financial liabilities held by the Authority. It represents the contractual maturity of financial liabilities, calculated based on cash flows relating to the repayment of the principal amount outstanding at reporting date.

Financial liabilities	Notes	2021 Payable in			Total
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	\$'000
Trade and other payables	11	55,581	-	-	55,581
QTC working capital facility	15	27,000	-	-	27,000
Participant loans	15	-	14,736	58,479	73,215
QTC client specific pool	15	-	-	2,401,680	2,401,680
		82,581	14,736	2,460,159	2,557,476

Financial liabilities	Notes	2020 Payable in			Total
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	\$'000
Trade and other payables	11	53,325	-	-	53,325
QTC working capital facility	15	95,000	-	-	95,000
Participant loans	15	-	43,215	-	43,215
QTC client specific pool	15	-	-	2,251,680	2,251,680
		148,325	43,215	2,251,680	2,443,221



Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 17.4 Market risk – interest rate

### Sensitivity analysis

The following sensitivity analysis depicts the outcome on net income if interest rates would change by +/- 1% from the year-end rates applicable to the Authority'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 Authority's exposure to variable interest rates on its borrowings.

		-1%		+1%	
	Net carrying amounts \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>2021</b>					
Cash and cash equivalents	6,498	(65)	(65)	65	65
QTC working capital facility	27,000	(270)	(270)	270	270
QTC client specific pool	2,401,680	24,017	24,017	(24,017)	(24,017)
<b>Overall effect on profit and equity</b>		23,682	23,682	(23,682)	(23,682)

		-1%		+1%	
	Net carrying amounts \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>2020</b>					
Cash and cash equivalents	72,845	(728)	(728)	728	728
QTC working capital facility	95,000	(950)	(950)	950	950
QTC client specific pool	2,251,680	22,517	22,517	(22,517)	(22,517)
<b>Overall effect on profit and equity</b>		20,838	20,838	(20,838)	(20,838)

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 17.5 Market risk – foreign exchange rate

### *Sensitivity analysis*

The following sensitivity analysis depicts the outcome on net income if exchange rates would change by +/- 10% from the year-end rates applicable to the Authority's financial assets and liabilities. Sensitivity of 10% has been selected as this is considered reasonably possible based on historical exchange rate movements.

	Sell AUD \$'000	Average exchange rate \$	-10%		+10%	
			Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>2020</b>						
<b>Buy SEK</b>						
Within one year	3,794	6.43	(282)	(282)	231	231
Between one and five years	-		-	-	-	-
More than five years	-		-	-	-	-
<b>Overall effect on profit and equity</b>			(282)	(282)	231	231

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 18. CAPITAL MANAGEMENT

The Authority's objectives when managing capital are to:

- ensure long term financial sustainability while considering appropriate returns on invested equity and benefits to other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

The Authority manages its capital structure by targeting at a minimum, an A- credit rating. This is achieved by maintaining key credit metrics and supported through the adjustment of participation returns. The Participation Return Policy provides flexibility for the Board to balance long term financial sustainability, shareholder returns and capital expenditure funding requirements (see Notes 5.2, 14.1 and 15).

The Authority monitors capital using the following credit metrics and ratios:

	2021	2020
Funds from operations to net debt <sup>1</sup> ( $\geq 10\%$ (2020: 9%))	11%	11%
Net debt to fixed assets <sup>2</sup> ( $\leq 60\%$ )	40%	39%
EBITDA Interest Cover <sup>3</sup> ( $\geq 2.25x$ )	4.8x	4.5x

<sup>1</sup>The funds from operations to net debt measures the Authority's ability to manage its debt obligations.

<sup>2</sup>Net debt to fixed assets measures the extent to which the Authority's assets are financed by debt.

<sup>3</sup>Earnings before interest, tax, depreciation and amortisation (EBITDA) (excluding developer contributions and asset revaluation increments or decrements) interest coverage ratio measures the Authority's ability to pay interest on its outstanding debt.

Under terms of the Authority's borrowing facilities, it is required to comply with the following financial covenants:

- earnings before interest, tax, depreciation and amortisation (EBITDA) (excluding developer contributions and asset revaluation increments or decrements) interest coverage ratio equal to or greater than 2.25 times; and
- a net debt to fixed assets ratio equal to or less than 60 per cent.

The Authority has complied with these financial covenants throughout the reporting period.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 19. LEASES

A contract is a lease or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### As a lessee

Under AASB 16, the Authority recognised right-of-use assets and lease liabilities related to office buildings and warehouses lease agreements at the lease commencement date. Lease liabilities are measured at the present value of the remaining lease payments, discounted at the Authority's incremental borrowing rate of 4.49% at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any lease incentives and accrued lease payments. One lease agreement was reassessed with an extension option in FY2021 and the lease liability recalculated using the Authority's incremental borrowing rate of 3.85% at 30 June 2021.

### Right-of-use asset

	2021 \$'000	2020 \$'000
<b>Buildings</b>		
Right-of-use asset at 1 July	14,250	17,574
Additions	902	-
Depreciation charge for the year	(5,722)	(5,982)
Provision for restoration adjustment	(7)	2,658
Right-of-use asset at 30 June	9,423	14,250

The right-of-use asset is recognised at the commencement date of the lease and is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset include the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

### Lease liability

	2021 \$'000	2020 \$'000
Lease liabilities at 1 July	18,394	25,510
Interest charge for the year	680	904
Increase in lease liability	902	-
Payment of lease liabilities	(7,790)	(8,020)
Lease liabilities at 30 June	12,186	18,394
Current	6,341	7,113
Non-current	5,845	11,281
	12,186	18,394

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

---

The lease liability is measured at the present value of lease payments (fixed payments, variable payments that depends on an index or rate and lease payments in an option renewal period if the Authority is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Authority is reasonably certain not to terminate early) to be made over the lease term, discounted using the QTC incremental borrowing rate (IBR). The IBR reflects what the Authority 'would have to pay' and is provided by QTC based on the Authority's credit rating.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Limestone Street lease agreement was modified in FY2021 and the lease liability remeasured at 30 June 2021.

## *Lease term and extension options*

The Authority determines the lease term as the non-cancellable term of the lease and applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. After the commencement date, the Authority reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Authority has several lease contracts that include extension and termination options. The renewal periods for leases of office buildings and warehouse are not included as part of the lease term except for one lease where the Authority is reasonably certain to exercise the extension option. The Authority has estimated that the potential future lease payments should it exercise the extension options for all leases would result in an increase in lease liability of \$34.6M (2020: \$33.3M) with a corresponding increase in right of use asset.

## *Short term leases and leases of low value assets*

The Authority has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets such as computer equipment and short term leases of office spaces. Lease payments on short term leases and leases of low value assets are recognised as operating lease expense on a straight-line basis over the lease term.

## *Peppercorn lease (concessionary)*

The Authority has a number of assets located on reserve land which is owned by the State Government and reserved for community public purpose such as water and sewerage, and on Council owned land. The Authority has the right to direct how and for what purpose the reserve land is used throughout the period of use and pays NIL for the use of the reserve land, hence, this is considered a peppercorn lease under AASB 16. The Authority elects to measure the reserve land right-of-use asset related peppercorn lease at cost which is NIL at 30 June 2021.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## I 9. LEASES (CONT'D)

*Amounts recognised in the Statement of Comprehensive Income*

	2021 \$'000	2020 \$'000
<b>Leases under AASB 16</b>		
Interest expense on lease liabilities	(680)	(904)
Interest income from sub-leasing right-of-use assets	10	19

*As a lessor*

The Authority leases out its own property and right-of-use assets as operating leases. The Authority is not required to make any adjustments on transition in AASB 16 for leases in which it acts as a lessor, except for a sub-lease which has been reclassified as a finance lease in FY2020 because the head lease and sub-lease will expire at the same time.

When the Authority acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Authority does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. The Authority recognised operating lease income of \$185,729 (2020: \$100,011) in the Statement of Comprehensive Income. All leases are classified as an operating lease from a lessor perspective.

The following table sets out a maturity analysis of lease receivables showing the undiscounted lease payments to be received after the reporting date.

	2021 \$'000	2020 \$'000
<b>Operating leases</b>		
Within one year	214	175
One to two years	221	181
Two to three years	208	188
Three to four years	196	179
Four to five years	185	167
More than five years	981	659
<b>Total</b>	<b>2,004</b>	<b>1,549</b>

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 20. COMMITMENTS

Commitments contracted but not recognised as liabilities are as follows:

	2021 \$'000	2020 \$'000
<b>Capital</b>		
Within one year	109,764	113,726
Between one and five years	87,969	88,921
More than five years	-	-
	197,733	202,647
<b>Other</b>		
Within one year	76,036	80,820
Between one and five years	1,486	49,682
More than five years	-	-
	77,522	130,501

## 21. CONTINGENCIES

	2021 \$'000	2020 \$'000
<b>Contingent assets</b>		
Reimbursement of costs associated with damage claim, the maximum exposure is:	1,269	887
<b>Contingent liabilities</b>		
Compensation claims associated with subcontractor's charge claim, personal injury, property damage and potential liability from infrastructure charges refund, the maximum exposure of which is:	3,066	1,605

The Authority is not able to predict the likely outcome or reliably estimate the probability of payout of the contingent liabilities at reporting date. There are currently no appeals (2020: NIL) in the Planning and Environment Court.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 22. FUNDS HELD IN TRUST

Funds held in trust include deposits received for standpipe bonds, security deposits to guarantee performance and unclaimed money. The Authority performs only a custodial role in respect of these funds. As such, the balances disclosed below are not recorded in the financial statements and are disclosed here for information purposes only.

	2021 \$'000	2020 \$'000
Standpipe bonds, security deposits and unclaimed money	3,262	3,228

All unclaimed moneys which have not been paid by the Authority to the owner within one year after they have been or should have been due and payable for two years or more are paid to the Public Trustee of Queensland in accordance with the *Public Trustee Act 1978*.

## 23. KEY EXECUTIVE MANAGEMENT PERSONNEL AND REMUNERATION

Key executive management personnel and remuneration disclosures are made in accordance with section 3C of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury.

### 23.1 Key executive management personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Authority during the year. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.



Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 23.1 Key executive management personnel (cont'd)

The key executive management structure implemented on 1 July 2020 is:

Position	Responsibilities	Contract classification and appointment authority	Dates appointed to role
Chief Executive Officer	Corporate governance, stakeholder management, Board secretariat, risk and insurance, strategic planning and delivery, performance management, external reporting and publications, assurance, resilience and emergency management, legal counsel and land services, industrial relations, facilities management and innovation.	Board appointed Band A Contract	From 2 July 2012
Executive Leader Legal and Risk	Governance and secretarial assistance to the Board, advisory role to the Chief Executive Officer and the Board, compliance with statutory obligations, provision of legal advice, management and operation of quality management systems, management of assurance, insurance, risk and resilience, improvement in quality systems and management of land assets.	Board appointed Band A Contract	From 10 January 2011
Chief Financial Officer	Champions, safeguards and drives customer, community and shareholder value through long term financial sustainability; regulatory oversight and pricing; commercial and economic analysis; financial management and reporting; procurement and supply chain; and financial transactional activities.	Board appointed Band A Contract	From 12 February 2018
Executive Leader Integrated Solutions	Relationship management with key strategic partners and stakeholders, government and regulators in relation to infrastructure development, long-term strategy development and planning, feasibility, design and procurement of infrastructure solutions (including new infrastructure and major asset upgrades) and proactive management of infrastructure and network through asset intelligence and analytics enablement.	Board appointed Band A Contract	From 31 August 2020
Executive Leader Environmental and Industrial	Effective relationship management of industrial partnerships and key commercial relationships, including developers, commercial water customers and trade waste customers, safe operation and maintenance of treatment plants, new commercial opportunities development related to effluent, recycled water, bio-solids and energy, and growth in Scientific Analytic Services.	Board appointed Band A Contract	From 1 July 2020

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 23.1 Key executive management personnel (cont'd)

Position	Responsibilities	Contract classification and appointment authority	Dates appointed to role
Executive Leader Service Delivery	Management and optimisation of water and wastewater network and customer operations, and day-to-day management of retail customer relationships, management and assurance of customer billing and metering, bringing together control centre, faults and emergencies, schedule and dispatch, contract centre functions to enable identification and early resolution of customer issues, and planned and responsive network maintenance.	Board appointed Band A Contract	From 27 April 2020
Chief Experience Officer	Enterprise leadership of customer, people, employee relations and positive safety culture, design and implementation of employee and customer experience, human resources services and solutions, internal communications and brand management.	Board appointed Band A Contract	From 5 May 2020
Executive Leader Corporate Affairs	Strategic direction and leadership for the office of the Chief Executive Officer, executive Board support, enterprise level governance frameworks, development of corporate strategy and performance reporting on strategy, effective management of shareholders, corporate communications, enterprise leadership of property management, innovation and research and development, records management, corporate policies and internal audit.	Board appointed Band A Contract	From 31 October 2013
Chief Digital and Information Officer	Development and delivery of digital strategy, enterprise architecture, digital transformation and IT projects, leadership and operation of information and data analytics, systems and governance, management of IT vendors and procuring IT products and services in close collaboration with Finance, operation, maintenance and support of IT systems, and design, development, operation and maintenance of operational technology, in close collaboration with Integrated Solutions and Service Delivery.	Board appointed Band A Contract	From 18 January 2021

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

---

## 23.2 Remuneration

Remuneration for key executive management personnel is determined by the Board. Remuneration and other terms of employment are specified in individual employment contracts. With the exception of the Chief Executive Officer, the contracts do not provide for performance-related cash payments.

The annual review of remuneration of key executive management personnel is based on a market review of similar roles, however, for FY2021, there were no salary increases due to COVID-19. The market review for FY2020 provided an increase of 2.6%. Remuneration packages for key executive management personnel comprise the following components:

- Short term employee benefits include:
  - salaries, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position;
  - performance payments recognised as an expense during the year; and
  - non-monetary benefits.
- Long term employee benefits include long service leave accrued.
- Post-employment benefits include superannuation contributions.
- Redundancy payments are provided for within individual contracts of employment.
- Contracts of employment provide for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 23.2 Remuneration (cont'd)

Total fixed remuneration is calculated on a "total cost" basis by employee as per below:

2021						
Position	Short term		Long term employee benefits \$'000	Post employment benefits \$'000	Termination benefits \$'000	Total remuneration \$'000
	Monetary benefits \$'000	Non-monetary benefits \$'000				
Chief Executive Officer	646	3	16	22	-	687
Executive Leader Legal & Risk (Acting as Chief Digital and Information Officer from 6 October 2020 to 15 January 2021)	369	3	9	22	-	403
Chief Financial Officer	371	3	9	22	-	405
Executive Leader Integrated Solutions (From 31 August 2020)	331	2	8	18	-	358
Executive Leader Environmental and Industrial	345	3	9	21	-	378
Executive Leader Service Delivery	378	3	9	22	-	412
Chief Experience Officer	345	3	9	22	-	379
Executive Leader Corporate Affairs (Acting as Executive Leader Legal & Risk from 6 October 2020 to 15 January 2021)	283	3	7	22	-	314
Chief Digital and Information Officer (From 18 January 2021)	160	1	4	10	-	174
Chief Digital and Information Officer (To 9 October 2020)	168	1	4	7	-	181
<b>Total remuneration</b>	<b>3,395</b>	<b>23</b>	<b>85</b>	<b>188</b>	<b>-</b>	<b>3,691</b>

There are NIL termination payments made in the current financial year.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 23.2 Remuneration (cont'd)

2020						
Position	Short term		Long term employee benefits \$'000	Post employment benefits \$'000	Termination benefits \$'000	Total remuneration* \$'000
	Monetary benefits \$'000	Non-monetary benefits \$'000				
Chief Executive Officer	724	3	18	27	-	772
General Counsel and Board Secretary	359	3	9	25	-	396
Chief Financial Officer	392	3	10	24	-	429
Executive Leader Planning (to 17 November 2019), Executive Leader Operations and Service Delivery (acting from 18 November 2019 to 30 April 2020) and Special Adviser to the CEO (from 1 May to 30 June 2020)	393	3	10	25	179	610
Executive Leader Commercial Customers and acting Executive Leader Customer and Community (from 4 November 2019)	382	3	10	25	-	420
Executive Leader Customer and Community (to 1 November 2019)	245	3	6	18	-	272
Executive Leader Service Delivery (from 27 April 2020)	67	1	2	4	-	74
Executive Leader Operations and Service Delivery (to 4 December 2019)	231	1	6	11	-	249
Chief Information Officer	410	3	10	24	-	447

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 23.2 Remuneration (cont'd)

2020						
Position	Short term		Long term employee benefits \$'000	Post employment benefits \$'000	Termination benefits \$'000	Total remuneration \$'000
	Monetary benefits* \$'000	Non-monetary benefits \$'000				
Chief Experience Officer (from 5 May 2020)	44	-	1	3	-	48
Executive Leader Governance and acting Executive leader People and Safety (from 25 November 2019 to 4 May 2020)	312	3	8	24	-	347
Executive Leader People and Safety (to 21 November 2019)	242	1	6	-	-	250
<b>Total remuneration</b>	<b>3,801</b>	<b>27</b>	<b>96</b>	<b>211</b>	<b>179</b>	<b>4,314</b>

\*Included within the short term monetary benefits is an amount of \$368,279 relating to performance payments associated with the 2019 financial year. Excluding the performance payments for the 2019 financial year, the total remuneration would be \$3,945,684.

## 23.3 Performance payments

The aggregate amount of performance payments made during the financial year was NIL (2020: \$368,279).

A performance payment may be paid annually to the Chief Executive Officer depending upon satisfaction of key criteria and is capped at 15% of total fixed remuneration (base pay plus superannuation). The amount payable is tied to the achievement of pre-determined organisational and individual performance targets as agreed by the Board. Determination of the amount will not occur until October 2021 with payment expected before 30 October annually. As the determination has not been made at the date of management certification of these financial statements, any performance payment approved will be reported as an expense during the year ending 30 June 2022.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 24. RELATED PARTIES

### 24.1 Board members

#### Board remuneration

The Board remuneration is estimated under the Participation Agreement and is with unanimous agreement of the Participants. Reimbursements for reasonable travelling, accommodation and other expenses in connection with the business of the Authority are not included in Board remuneration. To the extent permitted by law, the Authority must indemnify each Board Member against a liability of that person and the legal costs of that person. The Authority has an appropriate insurance coverage for Directors and Officers liability.

The Board Members who were paid directly or indirectly were:

	2021 \$'000	2020 \$'000
Bronwyn Morris	118	118
John Cotter <sup>1,3</sup>	72	72
Graham Thomsen <sup>1</sup>	72	72
Julie-Anne Schafer <sup>1</sup>	72	72
Kathy Hirschfeld <sup>1</sup>	72	72
Bruce Leslie <sup>2</sup>	59	59
Mark Gray	59	59
Phillip Strachan	59	59
	584	583

<sup>1</sup> Additional monthly rate of \$969 (2020: \$969) was paid to Committee Chairs.

<sup>2</sup> Bruce Leslie's term ended on 30 June 2021. Amanda Cooper was appointed effective from 1 July 2021.

<sup>3</sup> John Cotter's term will end on 30 September 2021. Lucia Cade was appointed effective from 1 October 2021.

A CPI increase of NIL (2020: 1.6%) was applied during the financial year and monthly rates set at \$9,014 (2020: \$9,014 ) for the Board Chairperson and \$4,507 (2020: \$4,507) for the Board Members.

### 24.2 Loans to key management personnel

There are no loans to key management personnel and their related parties during the financial year.

### 24.3 Other key management personnel transactions

There are no other transactions with key management personnel and their related parties during the financial year, other than on normal commercial terms.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 24.4 Board member transactions

There are no transactions with Board members and their related parties for the financial year, other than on normal commercial terms.

## 24.5 Transactions with Participating Councils

The amount of revenue and expenditure and the amount of receivable or payable to Participating Councils are as follows:

	Brisbane City Council		Ipswich City Council		Lockyer Valley Regional Council		Scenic Rim Regional Council		Somerset Regional Council		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Revenue</b>												
Utility charges	6,457	6,201	3,314	3,356	348	311	266	294	295	300	10,680	10,462
<b>Total revenue</b>	6,457	6,201	3,314	3,356	348	311	266	294	295	300	10,680	10,462
<b>Expenses</b>												
Supplies and services	410	3,502	14	27	9	72	0	24	-	42	433	3,667
Finance and borrowing costs	-	-	-	-	622	672	619	669	822	630	2,063	1,971
Participation returns	135,161	135,161	19,433	19,433	1,436	1,436	1,657	1,657	1,313	1,313	159,000	159,000
Taxation equivalents	71,366	69,846	10,261	10,042	1,380	1,414	1,494	1,525	1,515	1,309	86,016	84,136
<b>Total expenses</b>	206,937	208,510	29,708	29,500	2,825	2,922	3,151	3,207	2,829	2,663	245,448	246,803
<b>Receivables</b>												
Utility charges	1,043	1,778	534	1,021	135	137	38	73	54	90	1,803	3,099
Income tax equivalents	3,697	4,484	531	645	39	48	45	55	36	43	4,349	5,275
Other	354	1,358	17	6	1	1	1	-	-	-	373	1,365
<b>Total receivables</b>	5,093	7,620	1,082	1,672	175	186	84	128	90	133	6,526	9,739
<b>Payables</b>												
Finance and borrowing costs	-	-	-	-	52	56	52	56	80	52	183	164
Participation returns	67,581	67,581	9,716	9,716	718	718	828	828	657	657	79,500	79,500
Other payables	7	151	6	6	-	19	-	10	-	41	13	227
Taxation equivalents payable	7,380	3,775	1,061	543	78	40	90	46	72	37	8,682	4,441
<b>Total payables</b>	74,968	71,508	10,784	10,264	848	833	970	941	807	786	88,379	84,332
<b>Borrowings</b>												
Loans	-	-	-	-	14,736	14,736	14,676	14,676	43,804	13,804	73,215	43,216
<b>Total borrowings</b>	-	-	-	-	14,736	14,736	14,676	14,676	43,804	13,804	73,215	43,216

Amounts owing are unsecured and are expected to be settled in cash. These transactions were carried out under normal commercial terms.



Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

## 25 FINANCIAL SUSTAINABILITY

In November 2013 the Auditor-General tabled "Results of audit: Water sector entities 2012-13 Report to Parliament 7: 2013-14". The report recommended that the water sector be encouraged to self-report against the measures of financial sustainability used in the report. These measures are:

(a) Operating ratio – Operating profit before tax expressed as a proportion of total revenue. This ratio should be positive over the medium to long term in order to remain financially sustainable.

(b) Capital replenishment ratio – Comparison of the annual net expenditure on non-current assets to annual depreciation. An average above one over time indicates that assets are being built or replaced at or above the rate the asset base is being depreciated.

(c) Debt to revenue ratio – Assessment of the ability to pay the principal and interest on borrowings when they fall due, from the funds generated through operations.

The results have been disclosed for the current and comparative year as below:

	2021	2020
Operating ratio	23%	22%
Capital replenishment ratio	x 2.04	x 2.41
Debt to revenue ratio	174%	166%

The Authority continues to remain financially sustainable.

## 26 SUBSEQUENT EVENTS

To date, no events have occurred subsequent to balance date that materially impact on these financial statements.

Central SEQ Distributor-Retailer Authority

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

---

## 27 NEW AND REVISED ACCOUNTING STANDARDS

The IFRS Interpretations Committee (IFRIC) has issued two final agenda decisions on cloud computing arrangements. The March 2019 decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term. The April 2021 decision builds on the 2019 decision and considers how a customer accounts for configuration or customisation costs where an intangible asset is not recognised. These IFRIC decisions are applicable to the Authority from 1 July 2020. Details of these interpretations and their impact on the Authority's financial statements are disclosed in the following notes:

- Note 1.11 Changes to significant accounting policy
- Note 9 Intangible assets

A number of new standards and interpretations are effective from 1 July 2020 but do not have any material impact on the Authority's financial statements as follows:

- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*
- AASB 2019-5 *Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*
- *Conceptual Framework*
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*
- AASB 2020-4 *Amendments to Australian Accounting Standards -COVID-19 -Related Rent Concessions*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2021. The Authority does not plan to early adopt any standards or interpretations. The following amended standards and interpretations are not expected to have a significant impact on the Authority's financial statements:

- AASB 2020-1 *Amendments to Australian Accounting Standards –Classification of Liabilities as Current or Non-current*
- AASB 2020-6 *Amendments to Australian Accounting Standards –Classification of Liabilities as Current or Non-current – Deferral of Effective Date*

All other Australian accounting standards and interpretations with future commencement dates are either not applicable or have no material impact on the Authority's financial statements.

Central SEQ Distributor-Retailer Authority

## CERTIFICATE OF THE CENTRAL SEQ DISTRIBUTOR-RETAILER AUTHORITY

For the year ended 30 June 2021

---

These general purpose financial statements have been prepared pursuant to section 62 (1) of the *Financial Accountability Act 2009* (the Act), section 39 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with section 62(1)(b) of the Act, we certify that in our opinion:

- (i) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;
- (ii) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Central SEQ Distributor-Retailer Authority (trading as Urban Utilities) for the financial year ended 30 June 2021 and of the financial position of the Authority at the end of that year; and

We acknowledge responsibility under section 7 and section 23 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.

**Bronwyn Morris AM**

BCom, FCA, FAICD  
Board Chair



Date: 16 August 2021

**Louise Dudley**

BCom, CA, GAICD, ComplEAustEngExec  
Chief Executive Officer



Date: 16 August 2021

**Ruth Coulson**

BCom, CA, GAICD  
Chief Financial Officer



Date: 16 August 2021

## INDEPENDENT AUDITOR'S REPORT

To the Board of Central SEQ Distributor-Retailer Authority

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of Central SEQ Distributor-Retailer Authority.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2021, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

#### Basis for opinion

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

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

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

#### 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.





## Report on other legal and regulatory requirements

### Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

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

### Prescribed requirements scope

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

A handwritten signature in black ink, appearing to read 'Vaughan Stemmet', written over a horizontal line.

Vaughan Stemmet  
as delegate of the Auditor-General

16 August 2021

Queensland Audit Office  
Brisbane

# APPENDICES

## COMPLIANCE LETTER TO MINISTER

---

Office of the Chair  
Level 2, 15 Green Square Close  
Fortitude Valley QLD 4006  
GPO Box 2765  
Brisbane QLD 4001

10 September 2021

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

Dear Minister Butcher

***Urban Utilities 2020/21 Annual Report***

I am pleased to present the *Annual Report 2020/21* for the Central SEQ Distributor-Retailer Authority trading as Urban Utilities.

I certify that this annual report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*; and
- the detailed requirements set out in the Annual Report Requirements for Queensland Government Agencies.

A checklist outlining the annual report requirements can be found at page 184 of the document.

Yours sincerely



**Bronwyn Morris AM**

Chair  
Central SEQ Distributor-Retailer Authority trading as Urban Utilities

# APPENDICES

## COMPLIANCE CHECKLIST

Summary of requirement	Basis for requirement	Page
Letter of compliance	• A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7 Page 183
Accessibility	• Table of contents	ARRs – section 9.1 Page 5
	• Glossary	Page 185
	• Public availability	ARRs – section 9.2
	• Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3
	• Copyright notice	<i>Copyright Act 1968</i> ARRs – section 9.4 Page 4
	• Information Licensing	<i>QGEA – Information Licensing</i> ARRs – section 9.5
General information	• Introductory Information	ARRs – section 10 Page 8
Non-financial performance	• Government's objectives for the community and whole-of-government plans/specific initiatives	ARRs – section 11.1 Not applicable
	• Agency objectives and performance indicators	ARRs – section 11.2 Page 28-75
	• Agency service areas and service standards	ARRs – section 11.3 Page 36-37
Financial performance	• Summary of financial performance	ARRs – section 12.1 Page 98-103
Governance – management and structure	• Organisational structure	ARRs – section 13.1 Page 77
	• Executive management	ARRs – section 13.2 Page 79-87
	• Government bodies (statutory bodies and other entities)	ARRs – section 13.3 Not applicable
	• Public Sector Ethics	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4 Page 26
	• Human Rights	<i>Human Rights Act 2019</i> ARRs – section 13.5 Page 94
	• Queensland public service values	ARRs – section 13.6 Not applicable
	• Risk management	ARRs – section 14.1 Page 93
Governance – risk management and accountability	• Audit committee	ARRs – section 14.2 Page 82-83
	• Internal audit	ARRs – section 14.3 Page 94
	• External scrutiny	ARRs – section 14.4 Page 93
	• Information systems and recordkeeping	ARRs – section 14.5 Page 96
	• Information Security attestation	ARRs – section 14.6 Not applicable
	• Strategic workforce planning and performance	ARRs – section 15.1 Page 25-27
Governance – human resources	• Early retirement, redundancy and retrenchment	Directive No.04/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2 Not applicable
Open Data	• Statement advising publication of information	ARRs – section 16 Page 97
	• Consultancies	ARRs – section 33.1 data.qld.gov.au
	• Overseas travel	ARRs – section 33.2 data.qld.gov.au
	• Queensland Language Services Policy	ARRs – section 33.3 data.qld.gov.au
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1 Page 179
	• Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2 Page 180-182

FAA *Financial Accountability Act 2009*  
 FPMS *Financial and Performance Management Standard 2019*  
 ARRs *Annual report requirements for Queensland Government agencies*



# APPENDICES

## GLOSSARY

---

### **ADWG**

Australian Drinking Water Guidelines

### **Board**

The Central SEQ Distributor-Retailer Board

### **Board member**

Means a person who is, for the time being, a member of the Board of Queensland Urban Utilities.

### **Central SEQ distributor-retailer**

A statutory body supplying water and treating sewage to the service territories of Brisbane, Ipswich, Lockyer Valley, Scenic Rim and Somerset.

### **EAMS**

Enterprise Asset Management Solution

### **Executive Leadership Team**

Means the Chief Executive Officer, and direct reports.

### **Megalitre (ML)**

Measurement of volume equal to one million litres. One megalitre is approximately the volume of a one-metre deep Olympic-sized swimming pool.

### **Participation Agreement**

A *Participation Agreement* under s20 or 23 of the *South East Queensland Water (Distribution and Retail Restructuring) Act 2009*.

### **PMA**

Program Management Approach

### **Recycled water**

Water taken from any waste (effluent) stream and treated to a level suitable for further use, where it is used safely and sustainably for beneficial purposes. This is a general term that can include reclaimed water.

### **Shareholder**

Brisbane and Ipswich City Councils and the Lockyer Valley, Scenic Rim and Somerset Regional Councils.

### **Stakeholder**

All those who are either affected by or who can affect the activities of an organisation, namely customers, governments, the media, non-government organisations, local residents and employees.

### **Sewage**

Material transported in a sewerage system. Sewage is collected from all internal household drains; it contains all the contaminants of grey water and urine, plus high concentrations of faecal material from toilets and wastes from industrial and commercial premises.

### **Sewerage**

The pipes and channels, including all trunk, pressure and reticulation pipes, via which sewage is transported from its point of origin (e.g. house or business) to a point of treatment and/or disposal.

### **STP**

Sewage Treatment Plant

### **SUV**

Sports Utility Vehicle

### **TOM**

Target Operating Model

### **Trade waste**

Water-borne waste from a business or manufacturing premises, that is not:

1. a prohibited substance (for example, petrol, pesticide),
2. domestic sewage (human waste),
3. stormwater.

Some trade waste cannot be accepted at sewage treatment plants and must be disposed of through special facilities.

# APPENDICES

## INDEX TO ANNUAL REPORT CONTENT

<b>A</b>			
Audit	77, 82, 83, 94		
Awards	14		
<b>B</b>			
Board	77, 79-83, 175		
Brisbane City Council	9, 21, 49, 62, 146		
<b>C</b>			
Chair, Bronwyn Morris	6, 80, 82, 83, 175, 179, 183		
Chief Executive Officer, Louise Dudley	7, 84, 179		
Code of Conduct	26, 94		
Commercial customers	15, 67, 69, 70		
Conflict of interest	79		
Corporate Plan	See <i>Statement of Strategic Intent</i>		
COVID-19	6, 13, 15, 26, 28, 30, 31 32, 55, 69, 88, 98, 115		
Culture	17, 24-33		
Customers	6, 10, 15, 16, 18, 36, 41-45 50-54, 58, 63, 67, 69		
Customer and Community Reference Group	10, 43		
Customer Service Standards	36, 37		
<b>D</b>			
Developers	10, 98, 99, 102		
Digital	14, 16, 44, 46, 52-54		
Diversity	14, 16, 21, 26		
Drinking water	6, 8, 9, 12, 36, 41, 50, 92		
Drought	6, 9, 50, 51, 57, 58, 63		
<b>E</b>			
Enterprise Agreements	26		
Environment	10, 56, 58, 60-65		
Executive Leadership Team	84-86		
<b>F</b>			
<i>Fair Work Act 2009 (Cth)</i>	26		
<b>G</b>			
Government (state or federal)	4, 30, 59, 78, 92, 97, 100		
<b>I</b>			
ICT	See <i>Digital</i>		
Incidents	36, 41, 44		
Innovation	7, 14, 16, 47, 56, 57, 64,		
Ipswich City Council	8, 9, 39, 49, 71, 78, 146, 176		
<b>L</b>			
Lockyer Valley Regional Council	8, 9, 39, 49, 56, 65 71, 78, 146, 176		
<b>O</b>			
Organisational structure	77		
<b>P</b>			
Pricing	7, 45, 54, 74, 82, 90		
Procurement	46, 53, 59, 87		
Public health	10, 15, 36, 55, 88, 92		
Purpose	See <i>Strategic direction</i>		
<b>Q</b>			
Queensland Audit Office	93-95, 182		
Queensland Competition Authority	82, 93		
<b>R</b>			
Records management	96		
Regulators	10, 41, 61, 65, 71, 91		
Research and Development	10, 14, 16, 55, 64		
Risk	41, 42, 75, 77, 82, 87, 89, 91, 93-95		
<b>S</b>			
Safety	27, 28, 31, 41, 59, 72, 77, 82, 87, 91		
Scenic Rim Regional Council	8, 9, 39, 49, 51, 71 78, 146, 176		
Seqwater	6, 9, 10, 42, 50, 51, 61, 61, 92, 101		
Sewage overflow	64		
Shareholders	4, 8, 10, 16, 17, 62, 77, 78, 91, 96		
Somerset Regional Council	8, 9, 39, 48, 63, 78 146, 149, 176		
Strategic direction	11, 22, 88-91		
Strategic goals	11, 17, 22-75		
Statement of Strategic Intent	7, 15, 46, 89, 90		
<b>V</b>			
Values	3, 32, 72		
Vision	See <i>Strategic direction</i>		
<b>W</b>			
Water quality	12, 36, 41,		
Workforce	15, 25-33		





For more information visit

**[urbanutilities.com.au](http://urbanutilities.com.au)**

or call **13 26 57**

**Urban Utilities**

GPO Box 2765 Brisbane QLD 4001

ABN 86 673 835 011

Q01888-2021 © Urban Utilities

