



UrbanUtilities

ENRICHING QUALITY OF LIFE

2021/22 ANNUAL REPORT



OUR PURPOSE

Enrich quality of life

OUR VISION

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

OUR VALUES

WE CARE:

WE'RE CONNECTED.

We're here for each other and our customers.
We generously share our talent, time and knowledge.

WE'RE ALL IN.

We're one team. We've got grit, can always be counted on and love what we do.

WE KEEP IT REAL.

We're good humans. We embrace real and meaningful conversations.
We bring our whole self to work.

WE'RE EVOLVING.

We're curious, we challenge the status quo to create change that adds value.

WELCOME

We are pleased to present Urban Utilities' Annual Report for FY22.

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, shareholders and communities.

This report has been prepared in accordance with the *Annual report requirements for Queensland Government agencies*, issued by the Queensland Government in June 2022.

The letter of compliance and the compliance checklist can be found on pages 143 and 144.

READERSHIP

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

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: urbanutilities.com.au/about-us/corporateinformation/performance-reports

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.

TELL US WHAT YOU THINK ABOUT THIS REPORT

Visit us at our Head Office:
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Monday – Friday 8:30am – 4pm

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CONTENTS

A MESSAGE FROM OUR CHAIR	4	STRATEGIC GOAL 4: SOCIAL & ECONOMIC VALUE	36
A MESSAGE FROM OUR CEO	6	Performance summary	36
PERFORMANCE SNAPSHOT	8	Our focus for FY23	36
STRATEGIC GOAL 1: CONSTRUCTIVE CULTURE	8	Performance against business objectives	37
STRATEGIC GOAL 2: FOUNDATIONAL SUCCESS	8	Delivery of strategic initiatives	40
STRATEGIC GOAL 3: ENVIRONMENTAL LEADERSHIP	9	CHAPTER 3: CORPORATE GOVERNANCE	44
STRATEGIC GOAL 4: SOCIAL & ECONOMIC VALUE	9	OUR GOVERNANCE STRUCTURE	45
CHAPTER 1: ABOUT US	10	OUR SHAREHOLDERS	46
OUR STRATEGIC DIRECTION	11	OUR BOARD	47
OUR STAKEHOLDERS	12	Role of the Board	47
OUR BUSINESS IN NUMBERS	13	Conflict of interest	47
CHAPTER 2: PERFORMANCE AGAINST STRATEGIC DIRECTION	14	OUR BOARD MEMBERS	48
STRATEGIC GOAL 1: CONSTRUCTIVE CULTURE	15	OUR BOARD COMMITTEES	51
Performance summary	15	Audit, Finance and Risk Committee	51
Our focus for FY23	15	Experience and Safety Committee	51
OUR WORKFORCE PROFILE	16	Strategic Asset Management Committee	52
OUR WORKFORCE	17	Board member meeting attendance	53
Our workforce profile	17	OUR EXECUTIVE LEADERSHIP TEAM	54
Industrial and employee relations	17	OUR EXECUTIVE ADVISORY GROUPS	57
Code of Conduct (<i>Public Sector Ethics Act 1994</i>)	17	OUR PLAN FOR THE FUTURE	59
Official misconduct	18	OUR CONTROLS AND ASSURANCE	63
Promoting a work/life balance	18	ACCOUNTABILITY AND TRANSPARENCY	65
Workforce planning, attraction and retention	18	Reporting on performance	65
Health and safety committees	19	Information systems and record keeping	65
Performance against business objectives	20	Other disclosures	66
STRATEGIC GOAL 2: FOUNDATIONAL SUCCESS	22	CHAPTER 4: FINANCIAL PERFORMANCE	67
Performance summary	22	GUIDE TO OUR FINANCIAL STATEMENTS	71
Our focus for FY23	22	FINANCIAL STATEMENTS	74
Performance against customer service standards	23	APPENDICES	143
Major infrastructure projects completed or progressed	25	Compliance letter to Minister	143
Performance against business objectives	27	Compliance checklist	144
STRATEGIC GOAL 3: ENVIRONMENTAL LEADERSHIP	32	Glossary	146
Performance summary	32	Index	147
Our focus for FY23	32		
Performance against business objectives	33		

A MESSAGE FROM OUR CHAIR

Without a doubt, 2021/22 has been another challenging year. As the pandemic continued, we were once again tested by Mother Nature, with our region experiencing the effects of both drought and deluge within the space of 12 months, keeping the topic of water security at the top of our agenda. Despite these challenges, the year was also rewarding and energising, as we continued to plan for and deliver initiatives designed to achieve a liveable and sustainable future for our customers and communities.

RESPONDING TO THE 2022 FLOODS

In February this year, our region received intense, record-breaking rainfall, which quickly broke riverbanks, flooded roads and properties, and claimed lives and livelihoods within a matter of days.

The floods had a profound impact on our customers, communities and infrastructure, but true to form, our workforce rose to the challenge and worked around the clock to keep our communities safe and our water and wastewater networks running.

Recognising the financial impact the floods would have on some customers, we offered flood-affected customers a \$50 rebate off Urban Utilities' component of their water bill. We also committed to waiving water and wastewater services charges for customers whose homes were uninhabitable due to flood damage.

Following the devastating floods in 2011, we undertook a number of initiatives in relation to flood mitigation and business resilience, including the development of a Flood Resilience Program. In 2022, this robust program helped protect many of our critical assets from inundation and allowed us to respond and recover quickly.

COMMITTING TO NET ZERO BY 2032

With climate change a growing global concern, we are proud to play our part in achieving a sustainable future for our people, customers and communities.

This year, Urban Utilities announced its commitment to achieve net zero greenhouse gas emissions by 2032. To deliver on this commitment, we are making plans to improve our energy efficiency, reduce our carbon emissions, increase our renewable energy and further invest in local offset projects.

Since our formation in 2010, we have already doubled the amount of renewable power we produce from wastewater and plan to achieve 100% renewable energy by 2032.

PREPARING FOR THE 2032 OLYMPIC AND PARALYMPIC GAMES

Just as we expect to achieve our net zero aspirations, our region will welcome the 2032 Olympic and Paralympic Games – a major event we see as being a catalyst to reshaping the water cycle. By aligning our infrastructure plans with the urban renewal that will come with the Olympic and Paralympic Games, we will achieve a more resilient, sustainable and cost-effective water cycle. This integration will lock in long-term water security, enhance the quality of our local waterways and ecosystems, and put downward pressure on our cost to serve.

As the largest water and wastewater service provider in Queensland, we will play a critical role in assisting the event to meet its sustainability aspirations and maximise its infrastructure and environmental legacy.

We look forward to working with the event's stakeholders to make the 2032 Olympic and Paralympic Games the most successful yet.

BALANCING GROWTH AND FINANCIAL SUSTAINABILITY

As household and business expenses continue to rise, now more than ever we must remain committed to being an efficient and sustainable business for the benefit of our customers and shareholders. This year, we continued to deliver a range of projects to improve our operational efficiency and reduce our operating expenditure. We also managed to keep our price increase to a minimum (3%, which is below CPI), while still allowing for continued investment to support our growing communities.

Over the past year, we invested \$319.6 million in new and upgraded infrastructure across our service territories to provide sustainable, reliable and affordable services for generations to come. One of the major projects we completed was the \$45 million Lowood/Fernvale Wastewater Scheme Upgrade – our largest project to date in the Somerset region. Not only will the state-of-the-art treatment plant cater for growth well into the future, it will also provide high-quality recycled water to sustainably irrigate Fernvale Sports Park.

ACKNOWLEDGEMENTS

On behalf of the Board, I convey my appreciation to our shareholders for their ongoing support.

I would also like to thank my Board colleagues for their commitment and support. I particularly acknowledge and welcome our newest Board members, Amanda Cooper, Lucia Cade and Gerard Pender, and also thank John Cotter and Kathy Hirschfeld who have retired from the Board.

Thanks must also be extended to the Executive Leadership Team and the wider Urban Utilities team for their commitment to delivering on our purpose and vision.

Further, I want to acknowledge our departing CEO, Louise Dudley. During her decade-long tenure in the role, Louise has led the transformation of Urban Utilities into the dynamic, innovative and customer-focused organisation it is today. There is no doubt Louise will leave behind a lasting legacy.

Our new CEO, Paul Arnold, joins us on 1 September 2022. We look forward to working with Paul as he guides Urban Utilities forward in this exciting yet challenging era.



Bronwyn Morris AM
Chair

A MESSAGE FROM OUR CEO

SECURING OUR REGION'S WATER SUPPLY

Over the past 12 months, our region has experienced the devastating effects of both drought and floods. Queensland's increasingly variable climate has highlighted the importance of having a diverse mix of water sources to ensure water security for our region, whatever the weather.

With Brisbane hosting the 2032 Olympic and Paralympic games, it is vital that we put water security at the forefront of our planning. Already we are passionately exploring opportunities to design and build innovative and sustainable water and wastewater infrastructure for the key Olympic and Paralympic precincts that will form part of our network.

We support all options, including desalination and purified recycled water, to ensure a secure and diverse water supply. Moving forward, we will continue to work closely with Seqwater, our shareholders and other peak industry bodies to explore a diversified portfolio of water supply options that will meet the region's water security needs well into the future.

SIMPLIFYING OUR PRICING FOR CUSTOMERS

On 1 October, we delivered our Simpler Pricing program, which saw us adopt a 'user pays' approach, meaning customers who use or benefit more from our services pay more than customers who use less. We also reduced the tariffs across our five service territories from 400 to less than 100, meaning our customers' bills are now more equitable, consistent across regions and easier to understand.

INNOVATING FOR A SUSTAINABLE FUTURE

This year, we completed our three-year collaborative research project into transforming pond-based treatment plants into self-contained environmental assets that deliver benefits to regional communities.

The \$5.3 million project trialed a new algae-based treatment process and technology alternative, which delivered impressive outcomes, including significantly lower greenhouse gas emissions and a vastly higher quality of treated effluent, suitable for irrigation and of benefit to local landowners.

Based on the project's success, we are now exploring how this technology can be utilised to upgrade our own regional treatment ponds. We are also hoping to see this work commercialised and used by other utilities locally and internationally.

This project is just one example of how we're achieving our environmental, social and governance (ESG) aspirations, which we will officially report against in our first ESG Report in FY23.

SIGNING OFF

August 2022 will mark the end of an era for me when my term concludes as CEO of Urban Utilities. I'm so proud to have been part of this organisation since its very inception, starting out as the Chief Financial Officer in 2010, then taking on the role of CEO in 2012. In those 12 years, Urban Utilities has evolved exponentially, and this is a credit to our people who have embraced our purpose and vision and brought our organisational values to life.

Some of my proudest moments as CEO have been during our hardest times, including multiple devastating floods, severe drought and, of course, COVID-19. Whatever the crisis, our people have banded together and worked tirelessly to keep the water flowing and our communities safe. The resilience, dedication and camaraderie I've witnessed over the years has been nothing short of inspiring and this is a real testament to the culture my leadership team has worked so hard to build.

While Urban Utilities has realised innumerable achievements over the years, it's our Innovation Program and innovation culture that I see as being the legacy I'll leave. Innovation is a personal passion of mine, so being able to watch the program go from strength to strength and see it attract global attention has been one of the most rewarding parts of my role as CEO. What started as small-scale internal initiative is now a multi-faceted, multi-million-dollar program that's delivering widespread economic, social and environmental value. The success of the program was really cemented when Urban Utilities was recognised as one of the most Innovative Companies in Australia in 2015 and again in 2018. Also in 2018, we were named one of the Leading Utilities of the World, which is a network of some of the world's most innovative water utilities. This was a real coup and exemplifies Urban Utilities' standing as a leader in the field.

Just as our innovation focus has increased since formation, so too has our pursuit of commercial opportunities. It's been rewarding to see Urban Utilities create market offerings and grow value over time.

What has made Urban Utilities a great place to work for the past 12 years is the sense of unity – working as one team to achieve a common goal: to enrich quality of life. To that end, I must extend my thanks to the Board for its valuable guidance, the Executive Leadership Team for its support and nous, and to every Urban Utilities team member, past and present, for playing a part in making Urban Utilities the innovative, sustainable, resilient and customer-centric organisation it is today. It has been a pleasure.



Louise Dudley
Chief Executive Officer

PERFORMANCE SNAPSHOT

STRATEGIC GOAL 1: CONSTRUCTIVE CULTURE

(PAGES 15-21)

HIGHLIGHTS AND CHALLENGES

- Saw an increase in our overall employee enablement and effectiveness.
- Invested in the growth of our leaders with the launch of our new Fearless Leadership Program.
- Launched our new brand and organisational values to further strengthen our constructive culture and align to customer expectations.
- Began offering 'All In' leave, which enables team members to take a day of their personal/carer's leave and spend it supporting recovery efforts in the community.
- Continued to support our people through COVID-19 challenges.
- Successfully negotiated two new Enterprise Agreements.
- Began preparing our people for our move to a new Head Office in FY23.

STRATEGIC GOAL 2: FOUNDATIONAL SUCCESS

(PAGES 22-31)

HIGHLIGHTS AND CHALLENGES

- Conducted our most comprehensive customer survey to date to help us understand what's most important to our customers and how we can best meet their expectations.
- Completed work on the \$45 million Lowood/Fernvale Wastewater Scheme Upgrade – our largest project to date in the Somerset region.
- Implemented our Simpler Pricing program, which has made our tariffs more equitable and consistent across regions.
- Conducted an Australian-first trial using robot-delivered trenchless technology (Resiline), which makes water main renewals more efficient.
- Completed our three-year research project focused on transforming the wastewater treatment process in regional Australia.
- Began planning for the infrastructure requirements of the 2032 Olympic and Paralympic Games.

STRATEGIC GOAL 3: ENVIRONMENTAL LEADERSHIP

(PAGES 32-35)

HIGHLIGHTS AND CHALLENGES

- Announced our plan to achieve Net Zero greenhouse gas emissions by 2032.
- Generated 14,051 MWh from cogeneration and 271 MWh from solar – a 1.2% increase in renewable energy performance, despite our cogeneration assets being impacted during the flood event.
- Continued to develop and implement our innovative Receiving Environment Digital Twin (REDiT).
- Broke ground on the Cannery Creek Sewer Upgrade – our first major project co-designed by community members.
- Reduced our greenhouse gas emissions into the atmosphere.

STRATEGIC GOAL 4: SOCIAL & ECONOMIC VALUE

(PAGES 36-39)

HIGHLIGHTS AND CHALLENGES

- Provided financial relief to customers impacted by the flood event.
- Played a key role in the development of an Australian-first standard for flushability.
- Began implementing our 'Innovate' Reconciliation Action Plan (RAP).
- Continued to educate and empower school students through our Education Program.
- Supported numerous community events and initiatives through our Sponsorship Program.
- Began implementing our new Vulnerable Customer Strategy.

CHAPTER I: ABOUT US

WHO WE ARE

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 47). 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 wastewater services to 633,000 residential properties and 31,100 commercial properties in South East Queensland – that’s over 1.5 million customers.

We deliver these services via our \$6.6 billion infrastructure network.

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 www.saslaboratory.com.au.

WHERE WE OPERATE

Our 14,384km² geographic area is made up of five local government areas: Brisbane, Ipswich, Lockyer Valley, Scenic Rim and Somerset.

OUR STRATEGIC DIRECTION

OUR PURPOSE

Enrich quality of life.

OUR VISION

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

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.

OUR VALUES

Our values support our purpose, vision and the development of a constructive culture for Urban Utilities. They provide guidelines for employees on what behaviour is expected and how decisions should be made.

WE CARE

- **We’re Connected.** We’re here for each other and our customers. We generously share our talent, time and knowledge.
- **We’re All In.** We’re one team. We’ve got grit, can always be counted on and love what we do.
- **We Keep It Real.** We’re good humans. We embrace real and meaningful conversations. We bring our whole self to work.
- **We’re Evolving.** We’re curious, we challenge the status quo to create change that adds value.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Urban Utilities is proud to be a signatory of the Water Services Association of Australia’s industry commitment to support and promote all 17 Sustainable Development Goals (SDGs).

As part of our pledge, we are committed to supporting and working with governments and other agencies to increase the capability and capacity of our region to achieve SDG 6: Ensure availability and sustainable management of water and sanitation for all.

Universal access to safe water and sanitation is key to creating a better future and we know there is a lot of progress to be made.

Urban Utilities’ work to advance the SDGs is evident throughout this report; however, dedicated SDG reporting will commence in FY23 as part of our newly developed ESG (Environmental, Social, Governance) Report.

OUR STAKEHOLDERS

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

OUR BUSINESS IN NUMBERS

1.6 million
customers

\$6.6 billion
asset base

30 wastewater
treatment plants

129,103 ML
of drinking water supplied

\$239 million
total return to shareholders

2.2 million
water meter readings

158,037 ML
of wastewater collected,
transported and treated

100%
of Customer Service
Standards achieved

114,000+
drinking water quality tests

3,257 ML
of recycled water supplied

9,646 km
of water mains

3,024
water approval
applications processed

\$319.6 million
invested in infrastructure

9,913 km
of wastewater mains

\$230,000+
invested in community events
and sponsorships

6% return
on equity

14,051 MWh
generated from waste

CHAPTER 2: 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.

Chapter 2 summarises our performance against the program of work we committed to with our Board and shareholders to realise 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.

Chapter 2 also contains reporting against the delivery of our seven strategic initiatives (see page 40). 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 overall 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

- Saw an increase in our overall employee enablement and effectiveness.
- Invested in the growth of our leaders with the launch of our new Fearless Leadership Program.
- Launched our new brand and organisational values to further strengthen our constructive culture and align to customer expectations.
- Began offering 'All In' leave, which enables team members to take a day of their personal/carer's leave and spend it supporting recovery efforts in the community.
- Continued to support our people through COVID-19 challenges.
- Successfully negotiated two new Enterprise Agreements.
- Began preparing our people for our move to a new Head Office in FY23.

94%

of team members feel their work area is safe

82%

of team members have trust and confidence in their immediate manager

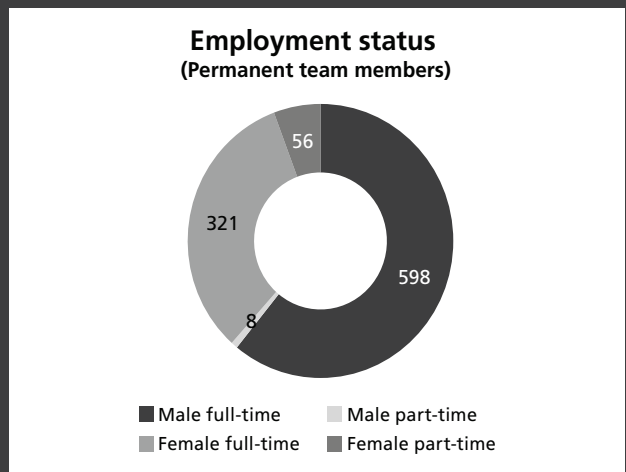
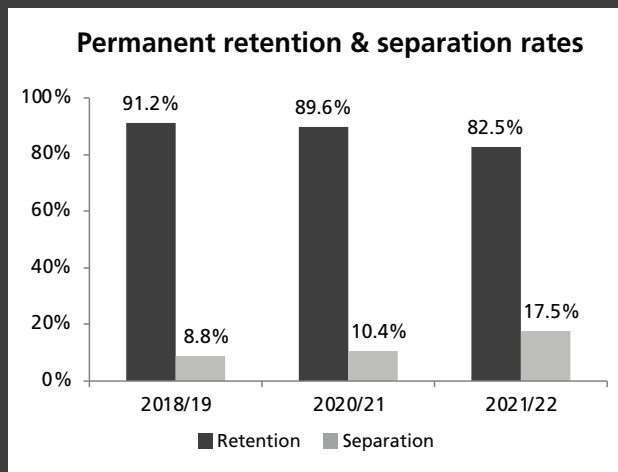
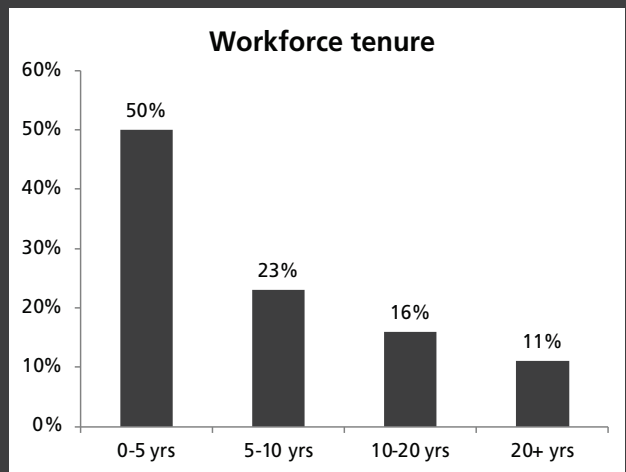
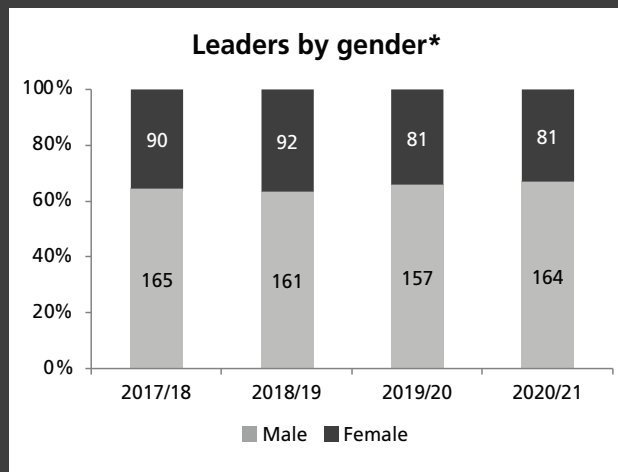
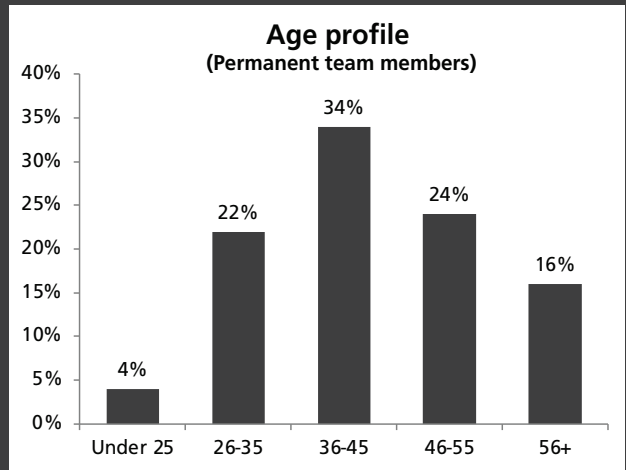
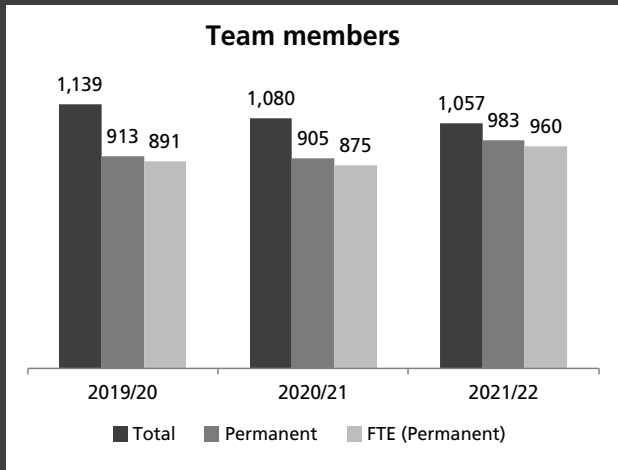
79%

of team members feel they are encouraged to come up with new or better ways of doing things

OUR FOCUS FOR FY23

- Achieve an Employee Experience Survey performance uplift of 1%.
- Confirm a five-year roadmap for People Experience.
- Transition our Head Office from Green Square Close to Duncan Street.

OUR WORKFORCE PROFILE



* All figures slightly updated based on improved reporting capability.

OUR WORKFORCE

OUR WORKFORCE PROFILE

In FY22, our total workforce (1,057) comprised a range of professional and trade roles in permanent full-time and permanent part-time capacities, working under enterprise or 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 23 team members, which can be attributed to a buoyant job market and related movement.

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 FY22, 32.5% of all Urban Utilities leaders were female.

During FY22, our workforce age profile remained consistent, while the tenure of our people increased, with 7% of the workforce moving from the 0-5-year range to the 5-10-year range. The majority of our people (34%) were aged between 36 and 45 years old.

Finally, our retention rate (82.5%) decreased by 7.1%, while our separation rate (17.5%) increased by the same percentage. Again, this can be attributed to a buoyant job market and related movement.

INDUSTRIAL AND EMPLOYEE RELATIONS

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

1. Operational and Field Services Employees' Enterprise Agreement 2021 (operational 4 February 2022);
2. Administrative and Technical Employees' Enterprise Agreement 2022 (operational 21 June 2022); and
3. SAS Laboratory Employees' Enterprise Agreement 2020 (expired 14 August 2021).

The negotiations for the SAS Laboratory Employees' Enterprise Agreement will commence in the first half of FY23, 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 last revised in 2020.

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.

PROMOTING A WORK/LIFE BALANCE

We recognise the importance of work/life balance and offer access to various paid and unpaid leave arrangements, over and above the National Employment Standards, including an additional five days of personal/carer's leave each year, paid parental leave, study leave and miscarriage leave. We also offer flexible work patterns and hours of work. This dynamic approach is enabled by smart technology, which allows our people to stay productive and connected, regardless of their location.

In FY23, we will implement further changes to enhance our existing leave provisions.

WORKFORCE PLANNING, ATTRACTION AND RETENTION

The success of Urban Utilities is built on the commitment, skills and mindsets of our people. Therefore, it is critical that we attract, develop and retain the right people, to help move us closer to realising our aspirations, 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, Equity, Inclusion and Belonging 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 FY22, we launched our Fearless Leadership Program to give our leaders the tools they need to have honest, open and outcome-based conversations. It combines the core elements of psychological safety, accountability and structural dynamics to help leaders drive individual, team and enterprise performance and to embed Urban Utilities' brand and values.

In addition, we:

- launched our new brand and values,
- 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, and
- confirmed the establishment of a new Capability Team to support the growth and development of our people.

HEALTH AND SAFETY COMMITTEES




Our Health, Safety and Wellbeing (HSW) structure was specifically designed to support consultation and communication on HSW issues across our organisation.

The committee structure has two distinct layers:



- **Strategic Safety Group (SSG):** An executive advisory group that sets the strategic direction for all HSW 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 HSW 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
 - Petroleum and Gas Advisory Group
 - Electrical Safety Advisory Group
 - Delivery Partner Safety Group.

In FY22, we had 28 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"> Launched our Fearless Leadership Program to give our leaders the tools they need to have honest, open and outcomes-based conversations. It combines the core elements of psychological safety, accountability and structural dynamics to help leaders drive individual, team and enterprise performance and to embed Urban Utilities' brand and values. 	<p>Growth in constructive leadership behaviour (Leader Effectiveness score %) </p> <p>Target: >84 Result: 82</p> <p>Our performance challenge: Year-on-year, we saw a 2% increase in our Leader Effectiveness score. This year's result was above all benchmarks, including the global industry norm (+5), Australian norm (+3) and global high-performing norm (+2), although marginally below our FY22 stretch target.</p>
	<ul style="list-style-type: none"> Hosted a leadership session on 'Why culture matters' to ensure our leaders have a shared understanding of what a collaborative culture looks like and what core leadership behaviours are required to bring our new values to life. Reviewed and updated our COVID-Safe and Business Continuity Plans to ensure our people and workplaces remain safe, and that our operations and services continue without disruption. 	<p>Growth in constructive leadership behaviour (Trust index %) </p> <p>Target: >67 Result: 61</p> <p>Our performance challenge: Achieved a 2% increase on our year-on-year performance, despite being slightly below our FY22 stretch target. Overall, we saw a 7% increase in our people agreeing with the statement: I can freely express my views and ideas without fear of consequences, indicating greater trust of and support given by leaders.</p>
	<ul style="list-style-type: none"> Developed a Health, Safety and Wellbeing (HSW) Strategic Improvement Plan for 2023-2025, which will focus on embedding systems and processes to drive continuous improvement in HSW behaviour and performance. 	<p>Combined Serious Injury Frequency Rate¹ </p> <p>Target: 0 Result: 0.29</p> <p>Our performance challenge: One serious injury occurred in FY22, with related learnings and preventative actions implemented. At Urban Utilities, we have a continuous focus on ensuring the physical and psychological health, safety and wellbeing of our employees and service partners. In FY23, there will be ongoing attention on the implementation of activities to drive enhancement of enterprise health, safety and wellbeing performance and organisational culture, including a shift in focus to all injuries.</p>

¹ Includes both Urban Utilities and service partners.

BUSINESS OBJECTIVE	PERFORMANCE COMMENTARY	HOW WE MEASURED OUR SUCCESS
<p>Enhance the efficient delivery of work through improved employee experience</p>	<ul style="list-style-type: none"> Completed a 10-month trial of Joyous, an online employee survey that enables team members to provide their leaders with regular, actionable feedback, which is then used to improve the employee experience. Through Joyous, we discovered: <ul style="list-style-type: none"> The majority of our people highly value the work they do at Urban Utilities, have role clarity and feel like a valued team member. Our people feel they've been well supported during the pandemic, with anecdotal feedback celebrating the business's preparation, communication and flexibility. Processes and systems remain a challenge, highlighting the need to focus on collaboration and to involve teams in solution design. Introduced new organisational values to further strengthen our constructive culture. Our fresh, modern values are reflective of both our people's personal values and customer expectations. Delivered 'Values workshops' to build understanding around how individuals and teams can bring our values to life across the business. Commenced change communications to prepare and energise our people for the transition to our new Head Office in early 2023. The purpose-built space has been thoughtfully designed to encourage flexible, purposeful work. It will also feature spaces and design elements that cater to the parental, cultural, health and wellness needs of our varied workforce. Conducted our annual Employee Effectiveness Survey (EES) to measure the engagement and enablement of our employees. Based on the Korn Ferry Engaged Performance Framework®, this widely recognised organisational development tool helps us better understand the key drivers of performance and satisfaction for our employees that we need to improve upon. 	<p>Qualitative comments in Employee Effectiveness Survey increase in positivity (% of positive comments) </p> <p>Target: >69 Result: 35</p> <p>Our performance challenge: The annual Employee Effectiveness Survey is one of several elements of Urban Utilities' perpetual Voice of People program, which provides regular feedback and insights from our people on a range of matters. While the FY22 stretch target for this metric was not achieved, this year's survey included 629 comments from our people that were positive, neutral and/or constructive in nature, all of which are highly valued and will be utilised to inform future activities. In addition, we saw positive results and the continued positive trajectory across the top line quantitative measure of Employee Effectiveness (+2), with the FY22 result above the global general industry norm (+2) and Australian norm (+3), and just 7 points below the global high performing norm.</p>
		<p>Improved employee experience (%) </p> <p>Target: >64 Result: 58</p> <p>Our performance challenge: Year on year, we saw an improvement across the various elements (and associated measures) of Employee Effectiveness. While we did not reach our FY22 stretch target, we saw a 2% increase in our Employee Experience Index. This can be attributed to our deliberate and ongoing focus on addressing and improving the elements of Urban Utilities' People Experience to create a working environment and organisational culture for all employees to perform well and thrive.</p>

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 wastewater 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

- Conducted our most comprehensive customer survey to date to help us understand what’s most important to our customers and how we can best meet their expectations.
- Completed work on the \$45 million Lowood/Fernvale Wastewater Scheme Upgrade – our largest project to date in the Somerset region.
- Implemented our Simpler Pricing program, which has made our tariffs more equitable and consistent across regions.
- Conducted an Australian-first trial using robot-delivered trenchless technology (Resiline), which makes water main renewals more efficient.
- Completed our three-year research project focused on transforming the wastewater treatment process in regional Australia.
- Began planning for the infrastructure requirements of the 2032 Olympic and Paralympic Games.

\$319.6m

invested in new and existing infrastructure

100%

of Customer Service Standards achieved

2,150

participants in our most comprehensive customer survey to date

OUR FOCUS FOR FY23

- Develop and implement a program to uplift customer satisfaction based on our Moments that Matter research.
- Finalise and launch our campaign on rethinking the water cycle.
- Implement approved Liveability Markers.
- Approve Integrated Catchment Plans and Strategic Business Cases for two new catchments and two new zones.
- Complete Execution Plans for Albion and Woolloongabba.
- Establish a Water 2032 and Beyond Advocacy Group.
- Establish alignment in approach for major utilities/service providers in the collection and use of information to operate networks.

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	2017/18 RESULT	2018/19 RESULT	2019/20 RESULT	2020/21 RESULT	2021/22 RESULT	ACHIEVED
WATER QUALITY							
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	2.42	0.682 ²	0.46	0.33	0.52	Yes
WATER SERVICE RELIABILITY							
Number of unplanned water supply interruptions	≤100 per 1000 properties per annum	77	83	89	55	43	Yes
Water main breaks	39 breaks per 100 km of water main per year	22.5	30.0	31.1	25.35	17.9	Yes
RESPONDING TO UNPLANNED WATER AND WASTEWATER INTERRUPTIONS							
Urgent incidents	80% within 1 hour	89%	89%	88%	81%	92%	Yes
Non-urgent incidents	80% within 24 hours	85%	77%	92%	91%	91%	Yes
RESTORATION OF SUPPLY AFTER UNPLANNED WATER AND WASTEWATER INTERRUPTIONS							
Restoration of supply	≥90% unplanned interruptions restored within 5 hours	96%	96%	96%	97%		Yes

² 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.

INDICATOR	SERVICE STANDARD	2017/18 RESULT	2018/19 RESULT	2019/20 RESULT	2020/21 RESULT	2021/22 RESULT	ACHIEVED
WASTEWATER SERVICE RELIABILITY							
Wastewater main breaks and chokes	30 breaks per 100 km of wastewater main per year	20.9	18.4	21.1	23.9		Yes
WATER PRESSURE AND FLOW							
Water pressure	<p><i>Urban area</i> ≥21 metres head of water</p> <p><i>Trickle feed areas (and private booster)</i> ≥10 metres head of water</p>	<p>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.</p>					
Water flow	<p><i>Urban areas</i> ≥25 L/min</p> <p><i>Trickle feed areas</i> ≥3.2 L/min</p>						

MAJOR INFRASTRUCTURE PROJECTS COMPLETED OR PROGRESSED

In FY22, we invested \$319.6 million in new and upgraded infrastructure to improve the reliability and sustainability of our water and wastewater networks. The table below shows the key infrastructure works that were commenced, progressed or completed during the year.

The balance of the \$319.6 million was invested in ongoing programs for the renewal, enhancement and replacement of existing infrastructure across our service territory.





PROJECT TITLE		TOTAL PROJECT INVESTMENT (\$'M)	2021/22 INVESTMENT (\$'M)	COMMENCED	COMPLETED/ ESTIMATED COMPLETION
Brisbane	Luggage Point WWTP Augmentation – Stage 1 (PST Works)	21.5	3.2	2019/20	2022/23
	Gibson Island WWTP (ST032) Main Pump Station Switchboards, Motors and Emergency Generator Replacement	14.5	6.6	2020/21	2022/23
	Gibson Island WWTP (ST032) Main (HV) Switchboard and Cable Replacement	12.3	3.8	2020/21	2022/23
	Luggage Point WWTP (ST018) Blowers 2 & 3 Replacement Installation	8.7	0.1	2021/22	2023/24
	Holland Park Reservoir Zone Capacity Upgrade	8.1	0.9	2021/22	2022/23
	Luggage Point WWTP, Pinkenba ST018 Flare Upgrade	7.9	2.2	2020/21	2022/23
	Luggage Pt WWTP (ST018) FST Flowmeter Renewals	7.2	1.7	2021/22	2023/24
	Sandgate WWTP Inlet Works Renewal	6.9	1.2	2019/20	2022/23
	Luggage Point WWTP Main Transformer Room & Substation 7 Replacement (HV Phase 3)	6.7	0.8	2019/20	2021/22
	Amy Street, Hawthorne Overflow Management	6.1	2.1	2020/21	2021/22
Ipswich	Ipswich RTU Telemetry Network Upgrade	15.0	0.9	2021/22	2023/24
	Swanbank Sewer Augmentation	10.3	7.4	2020/21	2022/23
	Goodna WWTP (ST041) Membrane Replacements (MBR Stage 4a)	9.6	4.5	2020/21	2022/23
	Whitehead St Reservoir (R077) Concrete Roof Rehabilitation and Inlet Pipe Replacement	7.1	3.6	2021/22	2022/23
	Tantivy St, Ipswich Rising Main (RM351) Renewal	3.2	4.1	2021/22	2021/22



PROJECT TITLE		TOTAL PROJECT INVESTMENT (\$'M)	2021/22 INVESTMENT (\$'M)	COMMENCED	COMPLETED/ ESTIMATED COMPLETION
Ipswich	Ipswich RTU Telemetry Network Upgrade	15.0	0.9	2021/22	2023/24
	Swanbank Sewer Augmentation	10.3	7.4	2020/21	2022/23
	Goodna WWTP (ST041) Membrane Replacements (MBR Stage 4a)	9.6	4.5	2020/21	2022/23
	Whitehead St Reservoir (R077) Concrete Roof Rehabilitation and Inlet Pipe Replacement	7.1	3.6	2021/22	2022/23
	Tantivy St, Ipswich Rising Main (RM351) Renewal	3.2	4.1	2021/22	2021/22
Lockyer Valley	Plainland Diversion to Laidley WWTP	22.8	2.8	2021/22	2023/24
	Laidley WWTP Effluent Reuse	10.1	1.2	2021/22	2023/24
	Gatton WWTP RW (Blackboy Ridge) Customer Irrigation Upgrade	0.6	0.5	2021/22	2021/22
Scenic Rim	Boonah WWTP ST056 Sustainable Effluent Management	6.7	0.8	2019/20	2021/22
	Regional WWTPs SCADA Visibility	4.4	0.2	2021/22	2023/24
	Birnam Range Reservoir R131 Roof Replacement and Wall and Column Rehabilitation	3.7	2.6	2020/21	2021/22
Somerset	Lowood / Fernvale Wastewater Scheme Upgrade – Stage 1	58.5	1.1	2017/18	2021/22
	Litzows Road, Lowood Water Main Replacement	0.7	0.8	2021/22	2021/22
	Lowood Reservoir (R109) Isolation	0.2	0.0	2021/22	2021/22

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


PERFORMANCE AGAINST BUSINESS OBJECTIVES

BUSINESS OBJECTIVE	PERFORMANCE COMMENTARY	HOW WE MEASURED OUR SUCCESS
<p>Shape the way future services are provided to ensure we meet community requirements at the lowest sustainable cost</p>	<ul style="list-style-type: none"> Produced an Integrated Planning Management Plan that outlines our integrated planning approach and how it will enable us to be more responsive and adaptive in our planning as social, economic and environmental factors change over time. 	<p>Asset utilisation <i>(% of new identified investments driven by Integrated Catchment Plans and Integrated Water Zone Plans)</i></p> <p>Target: 80 Result: Achieved</p>
	<ul style="list-style-type: none"> Continued to implement an integrated catchment planning approach – an evidence-based approach to planning and solution development supported by calibrated modelling. This approach benefits the community by prioritising performance improvements that protect homes and businesses, as well as improving environmental outcomes, all while placing downward pressure on water bills. This year, we completed six new integrated catchment or zone plans and commenced an additional eight plans across our service territory. Through the development of our new integrated catchment plans, we applied a critical lens over our five-year Capital Investment Program, enabling improvements to the scoping of projects and the deferment or withdrawal of other investments. Following the announcement that Brisbane will host the 2032 Olympic and Paralympic Games, we adapted and accelerated our planning around Olympic precincts, including Breakfast Creek, Roma Street, Woolloongabba, Northshore Hamilton and Victoria Park, to inform revised infrastructure planning and investment for Urban Utilities. 	<p>Progression of infrastructure to a 'recycle and reuse' approach</p> <p>Target: Localised treatment opportunities are identified, their impact understood and implemented where appropriate. Result: Achieved</p>

BUSINESS OBJECTIVE	PERFORMANCE COMMENTARY	HOW WE MEASURED OUR SUCCESS
<p>Deliver products and services that our customers prefer</p>	<ul style="list-style-type: none"> Maintained 100% drinking water quality compliance, with any water quality incidents reported to the regulator within the required timeframes. 	<p>Quality of drinking water supplied to customers (% compliance) </p> <p>Target: 100 Result: 100</p>
	<ul style="list-style-type: none"> Heavy rainfall in December 2021 resulted in community concern around the taste of water due to naturally occurring compounds in the Mt Crosby raw water source, managed by Seqwater. We proactively managed the issue with impacted councils and closely monitored the water supply to ensure ongoing compliance with the stringent Australian Drinking Water Guidelines. 	<p>Quality and reliability of recycled water (% of recycled water provided to customers that meets standard) </p> <p>Target: 100 Result: 99.17</p>
	<ul style="list-style-type: none"> All recycled-water-producing wastewater treatment plants are now covered by a Hazard Analysis and Critical Control Point (HACCP) plan. These plans enable the key risks impacting the quality and compliance of supply to be actively managed, with incidents identified and addressed before the product is supplied to customers. 	<p>Fit-for-purpose biosolids product quality (% fit-for-purpose beneficial reuse product provided to customers) </p> <p>Target: 100 Result: 100</p>
	<ul style="list-style-type: none"> Experienced low volumes of minor quality exceedances, typically at smaller regional wastewater treatment plants, with generally no risk to the environment and no risk to public health. Increased wet weather over the warmer months also caused some quality exceedances, particularly in regional areas. All exceedances were investigated, with solutions implemented to mitigate reoccurrence. Up until November 2021, all biosolids provided were used for fit-for-purpose application. After this date, no additional biosolids were provided for the same reuse applications due to increasing costs and regulation changes. Began assessing alternative reuse opportunities, which we expect to implement in FY23. No biosolids were disposed to landfill in FY22 	<p>Quality of effluent product (% of final product meets compliance testing requirements) </p> <p>Target: 100 Result: 95.91</p>

BUSINESS OBJECTIVE	PERFORMANCE COMMENTARY	HOW WE MEASURED OUR SUCCESS
<p>Deliver sustainable customer services through optimised planning and active risk management</p>	<ul style="list-style-type: none"> Continued to undertake service risk assessments across our wastewater treatment plants. The assessments consider asset and other hazards that may have an impact on our service to customers, the environment, our finances and reputation, and the health and safety of our people, communities and contractors. Assessments of remaining wastewater treatment plants will be completed in FY23. Incorporated identified service risks into the governance and decision-making of our five-year Capital Investment Program. Continued to develop our Receiving Environment Digital Twin (REDiT) technical tool, which enables scenario testing of our emissions to the environment. Updated the solution to incorporate proposed Capital Investment Program outlays and 2032 Olympic and Paralympic Games requirements. Updated our climate change scenario assessments (which include bush fire, sea level rise, erosion and inundation) to incorporate the February/March 2022 flooding events. 	<p>Service and asset reliability </p> <p>Target: Risk methodology applied to all capital planning, operations planning and strategic risk controls Result: Achieved</p>
<p>Become a truly customer-centric business that delivers an effortless customer experience (CX)</p>	<ul style="list-style-type: none"> Continued to use customer insights across the business to inform the delivery of products, services and initiatives that impact our customers. This year, we focused on targeting our insights engagement to business units that have the greatest impact on customer outcomes. Launched our Customer Centricity Program, which, based on targeted and meaningful customer insights, will guide us to continuously enhance the customer experience. As part of the program, we conducted our most comprehensive customer experience study to date, called The Moments that Matter. The findings have helped us better understand the satisfaction drivers of our residential, developer, non-residential and commercial customers, and will allow us to target our efforts to deliver an improved customer experience. 	<p>Customer at the table <i>(% business units informed by insights)</i> </p> <p>Target: >60 Result: 53</p> <p>Our performance challenge: Despite not meeting our FY22 stretch target, the number of business units across Urban Utilities utilising customer insights remained unchanged from FY21. In FY22, we continued to engage with our customers and communities to gain deep, actionable insights, which help us to: drive improvements; ensure our customers and communities are at the heart of our business and central to the decisions we make; and deliver products and services that are aligned to the evolving needs and expectations of our customers and communities.</p>

BUSINESS OBJECTIVE	PERFORMANCE COMMENTARY	HOW WE MEASURED OUR SUCCESS
<p>Become a truly customer-centric business that delivers an effortless customer experience (CX)</p>	<ul style="list-style-type: none"> • Also under the Customer Centricity Program, we commenced a transformative program to better understand and enhance the experience of our developer customer segment. A 'target state' experience for each of the key developer journeys was co-designed by a cross-functional group, along with a roadmap to achieve our goals. • Completed a review of the Customer and Community Reference Group, with plans underway to reshape the group to meet Urban Utilities' evolving needs and mature our Customer Engagement capability. 	<p>Customer satisfaction (%) </p> <p>Target: >72 Result: 69</p> <p>Our performance challenge: Customer satisfaction was impacted by a decline in perceived value for money and fair charges due to economic pressures, which also aligns to increased customer feedback around high consumption. Based on the research conducted in FY22, customers are also seeking improvements in general enquiries and communication in relation to maintenance works.</p> <hr/> <p>Customer-centric mindset </p> <p>Target: All employee plans to include at least one customer-related KPI Result: Achieved</p>
<p>Harness technologies to improve the customer and employee experience and the use the digital systems that provide proactive and real-time monitoring of performance</p>	<ul style="list-style-type: none"> • Continued to deliver insights-based improvements to our customer-facing applications and support systems. This has helped us enhance the customer experience and support our people in delivering positive customer outcomes. • Digitally enabled 34 processes, which has delivered a range of benefits, including removal of manual tasks, improved data capture and quality, improved network and application response, increased application functionality and reduced security risks. • Delivered our Emergency Management System mobile application, allowing provision of current incident and emergency information, as well as allocating and managing actions to support the incident. • Delivered improved data access and analysis of technology components in the field to support management of customer service standards for water pressure and network management. • Developed new enterprise data models, enabling greater self-service analytics in the business. • Delivered ongoing improvements to electronic data warehouses to improve access to data and integration of systems and applications. 	<p>Easy to deal with for customers (% of customers that report Urban Utilities is "easy to deal with" via the available digital channels) </p> <p>Target: >73 Result: 73</p> <hr/> <p>Digitally enabled workforce (% increase year-on-year in processes that are digitally enabled and employees confident in the use of Urban Utilities' digital solutions) </p> <p>Target: 20 Result: 20</p> <hr/> <p>Predictive and proactive management of assets (% year-on-year uplift in proportion of data-driven insights that are based on predictive models) </p> <p>Target: 20 Result: 20</p>

BUSINESS OBJECTIVE	PERFORMANCE COMMENTARY	HOW WE MEASURED OUR SUCCESS
<p>Maintain affordable and transparent pricing for our customers</p>	<ul style="list-style-type: none"> • Implemented our Simpler Pricing program, which has streamlined and simplified our tariffs and prices so they're more equitable and consistent across our service regions. • Maintained our focus on placing downward pressure on customer bills, resulting in pricing increases of 3%, with the price change below CPI, while allowing for continued investment in essential infrastructure. 	<p>Utility price increases </p> <p>Target: Average annual utility price increases not exceeding CPI in the medium term (FY20-26) Result: Achieved</p>

STRATEGIC GOAL 3: ENVIRONMENTAL LEADERSHIP

While we successfully deliver our water and wastewater 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

- Announced our plan to achieve Net Zero greenhouse gas emissions by 2032.
- Generated 14,051 MWh from cogeneration and 271 MWh from solar – a 1.2% increase in renewable energy performance, despite our cogeneration assets being impacted during the flood event.
- Continued to develop and implement our innovative Receiving Environment Digital Twin (REDiT).
- Broke ground on the Cannery Creek Sewer Upgrade – our first major project co-designed by community members.
- Reduced our greenhouse gas emissions into the atmosphere.

10%

reduction in our air emissions

14,051

MWh generated through cogeneration

1.2%




increase in renewable energy generation



OUR FOCUS FOR FY23

- Establish streambank rehabilitation Master Plan for Lower Brisbane and Bremer Rivers.
- Registration of Helidon AgriForest carbon offsets.
- Assurance of annual regulatory greenhouse gas inventory.

PERFORMANCE AGAINST BUSINESS OBJECTIVES

BUSINESS OBJECTIVE	PERFORMANCE COMMENTARY	HOW WE MEASURED OUR SUCCESS
<p>Reduce our environmental footprint</p>	<ul style="list-style-type: none"> • Remained on-track with the development and implementation of our Receiving Environment Digital Twin (REDiT). A REDiT is an online decision support system designed to improve our understanding of our impact on our waterways (the receiving environment) and guide our future asset and operational investment decisions. REDiT user acceptance testing will commence in July 2022, with a working digital twin (for the 2016/17 FY average rainfall year) expected to be available for environmental footprint and scenario planning use in late 2022. • Completed our planning and funding submission to develop a REDiT wet weather module for the Brisbane River and Cabbage Tree Creek. Systems development is expected to commence in early FY23. • Committed to reaching Net Zero greenhouse gas emissions by 2032, which will coincide with Olympic and Paralympic games in Brisbane. As part of this commitment, we plan to further improve our energy efficiency, increase our renewable energy use, and invest in beneficial local offset projects. • Achieved an 10% reduction in greenhouse gas emissions into the atmosphere. 	<p>Emissions to air, water and land </p> <p>Target: Implementation of Receiving Digital Twin (REDiT) model Result: Achieved</p>

BUSINESS OBJECTIVE	PERFORMANCE COMMENTARY	HOW WE MEASURED OUR SUCCESS
<p>Reshape the water cycle by reusing and recycling to maximise the value of water</p>	<ul style="list-style-type: none"> Experienced heavy rainfall throughout the year, which reduced requirements for recycled water supply. Conversely, this rainfall enabled more favourable conditions for effluent release to waterways. Following years of planning and community consultation, we broke ground on the Cannery Creek Sewer Upgrade project, which will officially commence in July 2022. This nature-based solution will reduce wet weather overflows for customers, improve the health of Cannery Creek and provide new amenities for the community to enjoy. Nature based solutions are the way of the future as they focus on outcomes that are better for the community, better for the environment and more cost effective. 	<p>Recycling of dry weather flow in the western catchments to improve river quality (% reuse of dry weather flow from STPs) </p> <p>Target: >74 Result: 42.7</p> <p>Performance challenge: Our result was impacted by numerous unexpected wet weather events, which reduced demand for recycled water.</p>
	<ul style="list-style-type: none"> Developed an evidence-based wet weather discharge decision-making approach. To support this work, a collaborative project group has been formed and Terms of Reference developed. The project group will continue to advance this complex piece of work to meet priority milestones. Community acceptance for the use of purified recycled water (PRW) in time of drought remains at close to 70%. Following the flood event and higher-than-average rainfall throughout the year, we pivoted our approach to building community awareness of water security issues and acceptance of PRW. Development of a longer-term communications strategy is now underway regarding these issues. 	<p>New standard for management for wet-weather flows (% of wet weather expenditure mapped to measurable customer/environmental performance outcome) </p> <p>Target: 100 Result: Achieved</p>
	<ul style="list-style-type: none"> Developed our first Water Leadership Plan, Our Water Way, which details our approach to delivering reliable, sustainable and affordable water and wastewater services into the future. 	<p>Indirect potable reuse accepted by the community </p> <p>Target: Maintain 60% community acceptance Result: Achieved</p>

BUSINESS OBJECTIVE	PERFORMANCE COMMENTARY	HOW WE MEASURED OUR SUCCESS
<p>Partner locally to improve environmental liveability, sustainability and resilience in our communities</p>	<ul style="list-style-type: none"> Continued to engage across state government, local government and industry to become a trusted advisor and participant in the development of the key Olympic Precincts. To date, strong progress has been made on the plans for the Gabba Olympic Stadium and Northshore Hamilton Precinct. Continued to engage with the state government legislation regarding land use planning. 	<p>Evidence of partnerships with relevant shareholders, stakeholders and community </p> <p>Target: Formalised role/working relationships with key project partners on Regional water security, SEQ design codes, major projects and developments Result: Achieved</p>
	<ul style="list-style-type: none"> Received strong support from shareholders on projects such as the new Lowood Wastewater Treatment Plant and Cannery Creek Sewer Upgrade (wet weather environmental solutions), showing confidence that Urban Utilities is reducing environmental impacts and taking the lead as a trusted environmental custodian. Formalised our long-term research partnership with the University of Queensland with a new five-year strategic alliance agreement. This agreement will strengthen our relationship with the university, accelerate research and increase the adoption of new technology in the water sector. 	<p>Improved perception as a trusted environmental custodian – corporate reputation index (score out of 100) </p> <p>Target: >60 Result: 50</p> <p>Our performance challenge: This result can be attributed to widespread reputational decline across government entities. However, where there was awareness of Urban Utilities, trust drivers scored higher.</p>

STRATEGIC GOAL 4: SOCIAL & ECONOMIC VALUE

The provision of quality water and wastewater 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

- Played a key role in the development of an Australian-first standard for flushability.
- Provided financial relief to customers impacted by the flood event in March.
- Began implementing our 'Innovate' Reconciliation Action Plan (RAP).
- Continued to educate and empower school students through our Education Program.
- Supported numerous community events and initiatives through our Sponsorship Program.
- Began implementing our new Vulnerable Customer Strategy.

3,000+

school students took part in our STEM-based program, Beneath the Streets

\$230k

invested in community events and sponsorships

280



food hampers packed by Urban Utilities volunteers in partnership with Foodbank Queensland

OUR FOCUS FOR FY23

- Grow the water ventures portfolio with five initiatives.
- Achieve an increase in revenue in sustainable water, imported organics and/or tankered wastes.
- Have more than three food organics/garden organics trials underway across the region.

PERFORMANCE AGAINST BUSINESS OBJECTIVES


BUSINESS OBJECTIVE	PERFORMANCE COMMENTARY	HOW WE MEASURED OUR SUCCESS
<p>Create societal value through our essential products and services</p>	<ul style="list-style-type: none"> Established an Environmental, Social and Governance (ESG) Framework, which will inform the development of our first ESG Report in FY23. Welcomed an Australian-first 'flushability' standard, which will help reduce the costly damage that wet wipes can cause to both the wastewater network and private plumbing. We played a key role in development of this National Standard, running extensive trials at our Innovation Centre to monitor how wet wipes would break down in real-life sewer conditions. Manufacturers must now meet clear testing criteria for their products to carry a 'flushable' label. 	<p>Creation of human, social, financial and natural benefits (\$ social value created) </p> <p>Target: >\$40m Result: Achieved</p>
<p>Enhance community liveability by embracing circular economy practices and protecting the community from emerging contaminants</p>	<ul style="list-style-type: none"> Completed a trial of technology that uses a non-thermal self-drying process to produce pellets made up of at least 80% biosolids. These pellets can be beneficially re-used as a soil conditioner via application to non-food crops. Next steps will involve monitoring the results of a second-generation demonstration plant being commissioned in the United States. Terminated our planned pyrolysis field trial due to significant equipment delays that were further compounded by the flood event. Reshaped the program to deliver the target outcomes using more mature partners, with revised activities on track for completion in July 2022. Pyrolysis is a technology that decomposes organic material, including biosolids and food organics, using heat without oxygen. 	<p>Delivery of alternative solutions beyond our core products, which enhance liveability </p> <p>Target:</p> <ul style="list-style-type: none"> Undertake trials of pyrolysis of biosolids at Oxley Creek Continuous production, testing and incineration off-take of biosolid pelletisation <p>Result: Achieved</p>
	<ul style="list-style-type: none"> Partnered with a commercial organisation for co-digestion of significant FOG (fats, oils and greases) and food waste volumes at favourable terms over a five-year period. Progressed FOG piloting at our Luggage Point Resource Recovery Centre, with digester performance improving in line with expectations, thus demonstrating our expanding capabilities in co-digestion. 	<p>Reduction of our cost of treatment through the commercial utilisation of capacity for co-digestion of organic waste (kL of High Strength Liquid Organic Waste under contract and being treated) </p> <p>Target: >40 kL Result: >40 kL</p>

BUSINESS OBJECTIVE	PERFORMANCE COMMENTARY	HOW WE MEASURED OUR SUCCESS
<p>Enhance community liveability by embracing circular economy practices and protecting the community from emerging contaminants</p>	<ul style="list-style-type: none"> • Partnered with Brisbane City Council (BCC) to jointly process food organics/garden organics, further supporting our co-digestion aspirations. • Made strong progress on shaping a Sustainable Water Precinct, with initial engineering and pricing studies completed. A feasibility study is planned for July-December 2022. • Completed a pilot plant trial, funded in partnership with BCC, for PFAS removal from landfill leachate. • Participated as a key stakeholder in Sydney Water’s Hydraloop trial (home-scale water recycling), with outcomes and opportunities from the trial to be considered for Urban Utilities. 	<p>Deployment of innovative solutions that are addressing the impact of emerging contaminants, resource recovery and recycled water </p> <p>Target: Deploy at least two beyond the meter servicing solutions that include recycled water production</p> <p>Result: Achieved</p>
<p>Enhance community prosperity and wellbeing by supporting vulnerable customers, minority groups and local business, and by creating employment and education opportunities</p>	<ul style="list-style-type: none"> • Applied a \$50 rebate to our component of water usage charges for properties identified as being affected by the flood event in February/March 2022. • Rebated water and wastewater services charges for customers whose properties were deemed uninhabitable due to the flood damage between Friday 25 February to Saturday 31 December 2022. • Through our UrbanAssist program, we offered a range of financial assistance options for customers experiencing difficulty paying their water and wastewater bills. • Began implementing our Vulnerable Customer Strategy, which includes initiatives to support to customers in managing their water and wastewater bills. We aim to help our customers feel cared for and reassured, offering assistance when it is most needed, whatever their circumstances. • Continued to support a number of community organisations through our Sponsorship Program, including Tangalooma EcoMarines, Orange Sky Laundry, UNIQ You and Foodbank Queensland. In December 2021, a team of Urban Utilities volunteers assisted Foodbank by packing 280 food hampers for families in need. 	<p>Financial investment leading to measurable community benefits, including health, economic and training outcomes </p> <p>Target: >\$2 million</p> <p>Result: Achieved</p>
<p>Enhance community prosperity and wellbeing by supporting vulnerable customers, minority groups and local business, and by creating employment and education opportunities</p>	<ul style="list-style-type: none"> • Through our UrbanAssist program, we offered a range of financial assistance options for customers experiencing difficulty paying their water and wastewater bills. • Began implementing our Vulnerable Customer Strategy, which includes initiatives to support to customers in managing their water and wastewater bills. We aim to help our customers feel cared for and reassured, offering assistance when it is most needed, whatever their circumstances. • Continued to support a number of community organisations through our Sponsorship Program, including Tangalooma EcoMarines, Orange Sky Laundry, UNIQ You and Foodbank Queensland. In December 2021, a team of Urban Utilities volunteers assisted Foodbank by packing 280 food hampers for families in need. 	<p>Drive reconciliation and improve the economic, health and social opportunities for Aboriginal and Torres Strait Islander people </p> <p>Target: Innovate Reconciliation Action Plan delivered</p> <p>Result: Achieved</p>


BUSINESS OBJECTIVE	PERFORMANCE COMMENTARY	HOW WE MEASURED OUR SUCCESS
<p>Enhance community prosperity and wellbeing by supporting vulnerable customers, minority groups and local business, and by creating employment and education opportunities (continued)</p>	<ul style="list-style-type: none"> • Launched our School Water-Savvy Greening Grant, in partnership with Bulimba Creek Catchment Coordinating Committee (B4C), enabling students from the successful school to identify and solve water conservation issues and transform their school grounds through a waterwise outdoor project. • Continued to deliver our Education Program, which sees us teach, partner and share with the school-aged community. As part of the program, our Water Warriors performance troupe visited 33 primary schools to teach children about the water cycle and environment in a fun and engaging way. We also delivered our Beneath the Streets initiative to over 3,000 students. This is a STEM-based, curriculum-aligned show and workshop, featuring demonstrations and experiments about the water cycle, environment and innovation. • Began implementing our 'Innovate' Reconciliation Action Plan (RAP) – our second RAP in a series of four. • Recognised National Reconciliation Week by hosting two events for our people to take part in and learn from: <ul style="list-style-type: none"> – A virtual conversation with Karla Gran – presenter, journalist and proud Arrernte woman – who shared her insights about reconciliation in Australia. – An immersive and educational walking tour to Kurilpa Point along the Brisbane River. • Continued our partnership with CareerTrackers, a purpose-driven organisation that supports pre-professional Indigenous university students and links them with employers to participate in paid, multi-year internships. 	

DELIVERY OF STRATEGIC INITIATIVES

TARGET OPERATING MODEL

<p>Project objective: Re-design our operating model to enable effective delivery of our <i>2024 Statement of Strategic Intent</i>.</p>	<p>Strategic Goals supported: All</p>
<p>Performance summary:</p> <ul style="list-style-type: none"> Implemented revised operating model, with ongoing embedding across the business. 	<p>Status: </p>

INTEGRATED EXPERIENCE

<p>Project objective: Be the leader in people, customer and community experience. Be known as 'pace setters' of innovative, industry-leading products and services, aligned to evolving people, customer and community expectations and needs.</p>	<p>Strategic Goals supported: Constructive Culture Foundational Success</p>
<p>Performance summary:</p> <ul style="list-style-type: none"> Developed an Integrated Experience Strategy, aligned with our revised Experience Group Operating Model to enable its implementation. Developed and initiated the detailed work plan to enable our 10-year Aspiration. Refreshed Urban Utilities' brand, with 'Moments that Matter' immersion sessions held with teams across the business to connect our people to how we can uplift customer satisfaction and embed our brand. Launched our new Fearless Leadership Program, providing senior leaders with the tools to have honest, open and outcomes-based conversations. Developed personas and journey mapping for our new Head Office to support an integrated experience across Urban Utilities. Finalised our improved recruitment, attraction, retention and development approach for Aboriginal and Torres Strait Islander Peoples, under our Reflect Reconciliation Action Plan, to lift cultural capability maturity in FY2023. 	<p>Status: </p>

ADAPTABLE AND RESILIENT CORE

Project objective:

Continue to evolve the way we provide our services to ensure they meet the changing needs of our customers, communities and broader stakeholders.

Strategic Goals supported:

Foundational Success

Performance summary:

- Developed a climate change resilience and adaptation project business case, with functions embedded within our new operating model.
- Developed a workplan for our critical asset roadmap for system-level climate change adaptation.
- Developed climate change risk outputs for major facilities (wastewater pump stations, reservoirs and Resource Recovery Centres) under key scenarios, with insights used in Integrated Catchment Planning.
- Established enterprise IoT Governance Board, with commencement of Kilcoy IoT pilot and rollout of initial IoT use-cases and devices key deliverables under the IoT program.

Status:



CUSTOMER AFFORDABILITY

Project objective:

Maintain downwards pressure on customer utility bills with fit-for-purpose tariff structures and ensure business readiness for implementation of contemporary economic regulatory framework.

Strategic Goals supported:

Foundational Success

Performance summary:

- Implemented Simpler Pricing, which has streamlined and simplified our tariffs and prices so they're more equitable and consistent across our service regions.
- Finalised affordability definitions and principles supporting future opportunities for pricing relief for community groups.
- Developed a Regulatory Maturity Framework, identifying relevant priority areas of focus, including risks of regulation and assessing regulatory practices and processes to mitigate risk.
- Continued to focus on placing downward pressure on customer bills, delivering pricing increases of 3%, with the price change below CPI, while allowing for continued investment in essential infrastructure.

Status:



SHAPING OUR FUTURE ENVIRONMENT

Project objective:

Create a great places to live through engaging communities, shaping regulation and advancing water design. Extend our existing business model and create new capabilities to counter disruption.

Strategic Goals supported:

Foundational Success
Environmental Leadership

Performance summary:

- Completed infrastructure planning and modelling for all key Olympic venues, identifying opportunities to reshape the water cycle and advance Urban Utilities’ servicing strategies, involving Roma Street Precinct Swimming Venue, Victoria Park and Albion\Breakfast Creek.
- Made significant progress leveraging the shaping and influencing opportunities available through the 2032 Olympic and Paralympic Games, with continuing engagement across both state and local government and industry on the development of all precincts. Joint planning with state agencies is underway at key Gabba and Northshore Hamilton Olympic Precincts.
- Completed a co-planning activity with Economic Development Queensland for Ripley Valley and Bowen Hills Priority Development Areas.
- Closely engaged with government to ensure local and state government planning aligns with the Integrated Catchment Plans and Integrated Zone Planning, including detailed submissions to state legislation proposals (Growth Area Legislation and Land Act Reform).
- Completed critical work to ensure appropriate infrastructure charging income from Shareholding Councils, developers and Economic Development Queensland.
- Delivered integrated planning that enables us to be more responsive and adaptable in our infrastructure planning as social, economic and environmental factors change over time. The plan supports our move towards an integrated catchment planning (ICP) approach, enabling evidence-based approach to planning and servicing solution development supported by calibrated modelling
- Developed a Board-endorsed accelerated roadmap to Net Zero by 2032.
- Drafted Environmental Leadership roadmaps to enable our 2032 Aspiration.

Status:



GROWTH AND DIVERSIFICATION

Project objective:

Capitalise on opportunities that we are uniquely placed to materially grow returns

Strategic Goals supported:

Social & Economic Value

Performance summary:

- Progressed ‘Biosolids – pyrolysis to biochar’ studies final results to be published in August 2022. The Nilwaste pyrolysis pilot was terminated due to ongoing delays.
- Advanced development of an initial Sustainable Water Precinct (SWP), with MoU’s established with cornerstone customers to underpin demand forecasts.
- Progressed the FOGO (Food Organics/Garden Organics) partnership with Shareholding Councils, with a trial from multi-unit dwellings planned for FY23.
- Established a partnership with Cleanaway for processing of Fats, Oils and Greases (FOG) and supermarket food waste. First deliveries have been received and construction of a receival point upgrade at Luggage Point has commenced.
- Commenced demobilisation of the Moxiepel Pelletisation Trial following trial completion.

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:

Social & Economic Value

Performance summary:

- Delivered an ESG (Environment, Social & Governance) Strategy and Framework Design, enabling delivery of an ESG focus to planning, delivery and reporting in FY23. The framework considers alignment with United Nations’ Sustainable Development Goals.
- Received endorsement from Reconciliation Australia of our Innovate Reconciliation Action Plan.
- Delivered our Vulnerable Customer Strategy, with a cross-functional team developed from customer delivery, experience and finance areas to further define vulnerable customer, affordability and community good.

Status:



CHAPTER 3: 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.

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 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 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

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 Collins Foods Limited, Dalrymple Bay Infrastructure Limited, National Intermodal Corporation and Menzies Health Institute Queensland. She is chair of the RACQ Foundation.

Bronwyn is a Chartered Accountant and former partner of KPMG.

MARK GRAY (DEPUTY CHAIR FROM 1 OCTOBER 2021)

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

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

He 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, the Northern Australia Infrastructure Facility, 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.

LUCIA CADE

**BEng, BEc, MEngSc,
MBA, FAICD, FIEAust**

Lucia was appointed to the Urban Utilities Board on 1 October 2021.

She is an experienced non-executive director with a professional engineering and commercial background. She has previous professional experience in engineering, executive and advisory roles in infrastructure, utilities and professional services working in global technical services, listed companies, government organisations and private enterprises.

Lucia currently chairs the boards of South East Water and Paintback and serves as a director on the boards of Carbon Revolution, Engineers Australia, Flaim Systems and the Cooperative Research Centre for Future Fuels. She sits on the Monash University Engineering Dean's Advisory Board.

AMANDA COOPER**BA**

Amanda was appointed to the Urban Utilities Board on 1 July 2021.

She has a deep understanding of local government, specifically in the fields of infrastructure planning and delivery and urban planning and development.

Amanda was a member of Brisbane City Council's Civic Cabinet from 2008-2019 and Chair of two senior portfolios: the Neighbourhood Planning and Development Assessment Committee and the Brisbane Infrastructure Committee. She was also the Councillor for Bracken Ridge from 2007-2019.

With extensive industry knowledge and experience, Amanda has overseen the delivery of more than 36 Neighbourhood Plans; the largest planning review undertaken by Council in over a decade; and over a billion dollars in city shaping infrastructure projects.

**JOHN COTTER
(DEPUTY CHAIR UNTIL
30 SEPTEMBER 2021)****B RTP, M (Applied
Finance), GAICD, FAIM**

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

He 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).

John retired from the Urban Utilities Board on 30 September 2021.

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.

Kathy retired from the Urban Utilities Board on 31 December 2021.

JULIE-ANNE SCHAFFER

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, non-executive director of CS Energy and Icon Water, a member of the board of the Australian Reinsurance Pool Corporation and non-executive member of the Office of the National Rail Safety Regulator.

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

She is a former Deputy Chancellor of QUT, President of the Queensland Law Society, and Chair of Queensland's largest mutual.

PHILLIP STRACHAN

B.Com, FCPA, MAICD

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

He has extensive experience in operations and finance at the executive level. He's held a number of executive roles with the Rio Tinto Group, including the Chief Executive Officer of the global Bauxite and Alumina businesses based in Brisbane and Chief Financial Officer at the Rio Tinto global aluminium product group based in Montreal.

He currently serves as Chair of Coal Network Capacity Company Limited, is on the Board of the Great Barrier Reef Foundation and is a Council member of the University of the Sunshine Coast.

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 three 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 53.

AUDIT, FINANCE AND RISK COMMITTEE*

In FY22, the Audit, Finance and Risk Committee included Julie-Anne Schafer (Chair), Graham Thompson, Mark Gray, Lucia Cade and Bronwyn Morris (Ex-Officio). The executive sponsor was Ruth Coulson.

The committee assists the Board in the effective discharge of its responsibilities for risk culture, including enterprise risk management, compliance management, capital management, regulation and pricing, financial management and reporting, internal controls environment across Urban Utilities and external audit.

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

- Reviewing the enterprise risk appetite and risk tolerance.
- Reviewing and providing direction on strategic risks and extreme and high operational risks.
- Reviewing our annual insurance program and recommending to the Board the placement and/or renewal of insurance policies.
- Reviewing and providing recommendations on our financial sustainability and capital management strategy.
- Meeting with the external and internal auditors to discuss practices and issues surrounding financial governance.

- Overseeing and monitoring the adequacy, security and effectiveness of our internal control framework and environment.
- Providing a forum for the external auditor to present external audit plans.
- Reviewing and endorsing for approval by the Board external regulatory reporting obligations.

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

EXPERIENCE AND SAFETY COMMITTEE

In FY22, the Experience and Safety Committee included Phillip Strachan (Chair), Julie-Anne Schafer, Amanda Cooper and Bronwyn Morris (Ex-Officio). The executive sponsor was James Dymock.

The role of the Experience and Safety Committee is to provide oversight and recommendations to the Board to ensure that Urban Utilities has people who are safe, adaptable, capable and committed to achieving Urban Utilities' vision and living its values.

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

- Reviewing the development and implementation of, and monitoring the performance of Urban Utilities' Health and Safety Strategy and related initiatives.
- Ensuring the organisation has appropriate and effective health and safety systems, processes and procedures in place.
- Promoting a culture of trust, accountability and learning by role modelling open dialogue on health and safety issues.

* The Audit, Finance and Risk Committee was formed in August 2021. Prior to this, there were two separate Board Committees: the Audit and Risk Committee and the Finance and Pricing Committee.

- Reviewing the development and implementation of people strategies and policies to attract, retain and develop the people required by Urban Utilities to maintain and enhance its capabilities and capacity.
- Recommending to the Board the remuneration, financial incentives and performance measures for the Chief Executive Officer.
- Recommending to the Board the remuneration framework and policy, and performance measures for the Executive Leadership Team.
- Reviewing the development and implementation of customer policies and strategies to drive improvement to customer satisfaction levels and the Urban Utilities customer experience.
- Reviewing the development and implementation of community policies and strategies to drive community engagement and enhancement of the Urban Utilities community experience.

STRATEGIC ASSET MANAGEMENT COMMITTEE

In FY22, the Strategic Asset Management Committee included Graham Thomsen (Chair), Amanda Cooper, Phillip Strachan, Lucia Cade and Bronwyn Morris (Ex-Officio). The executive sponsor was David Brooker.

The role of the Strategic Asset Management Committee is to oversee and provide advice on Urban Utilities' strategies, policies and systems for the management of assets to deliver services to customers and stakeholders.

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

- Reviewing the Service Strategy, infrastructure plans, operational performance strategies, asset management strategies and plans, significant procurement strategies and post-market business matters that are within the Board's delegation.
- Overseeing the Environmental Leadership Strategy, including Urban Utilities' strategies regarding climate variability, reduction of environmental and carbon footprints, and management of scarce water resources.
- Reviewing and providing advice to the Board on the ICT Strategy and roadmap, including the operational technology strategy.
- Reviewing and endorsing the five-year Capital Investment Plan within the financial sustainability envelope.
- Reviewing and providing advice to the Board on potential growth and expansionary investments for Urban Utilities.
- Understanding the performance of systems and associated project, network and infrastructure risks.
- Reviewing Urban Utilities' compliance with relevant statutory and environmental responsibilities and customer/community service standards.

BOARD MEMBER MEETING ATTENDANCE

MEMBER	ORDINARY BOARD		AUDIT, FINANCE & RISK COMMITTEE		EXPERIENCE & SAFETY COMMITTEE		STRATEGIC ASSET MANAGEMENT COMMITTEE	
	H	A	H	A	H	A	H	A
Meetings held/attended								
Bronwyn Morris	8	8	4	4	3	3	5	4
Amanda Cooper	8	8			2	1	5	5
Lucia Cade (from 1 Oct 2021)	6	6	3	2			3	2
Mark Gray	8	8	4	4				
Julie-Anne Schafer	8	7	4	4	3	3		
Phillip Strachan	8	7	1	1	3	3		
Graham Thomsen	8	8	3	3			5	5
John Cotter (retired 30 Sept 2021)	1	1	1	1				
Kathy Hirschfeld (retired 31 Dec 2021)	4	4			1	1	3	3

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, EngExec

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.

Louise's term concluded at Urban Utilities on 31 August 2022.

DAVID BROOKER **EXECUTIVE LEADER** **SERVICE DELIVERY** BE (Chem), GAICD

David is responsible for Urban Utilities' network operations, maintenance, revenue services 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 engineering and technical, strategy, risk and crisis management, customer, and corporate governance.

CHRIS BULLOCH **EXECUTIVE LEADER** **INTEGRATED SOLUTIONS** MEng (Civil), MEng (Mgt), MEng (Env)

Chris is responsible for the functions of strategy and integrated planning, systems planning, asset management, portfolio investment and infrastructure delivery. Other core responsibilities include water security, climate change, environmental leadership and the Olympics.

A highly effective and innovative senior executive, Chris has successfully led major engineering and construction companies and delivered key infrastructure in the transport, power and utility sectors.

Notably, he has held executive roles at a number of multinational companies, including Lendlease Corporation, Kellogg Brown and Root, Abigroup Contractors, Anglian Water and Chicago Bridge and Iron (CBI).

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, overseeing strategic and financial outcomes across performance, procurement, regulation and pricing, and financial activities. As CFO, Ruth balances critical value and risk trade-offs between customer, community and shareholder outcomes.

Ruth has over 28 years' experience across capital-intensive industries, including utilities, infrastructure, logistics and retail.

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 management, organisational performance, corporate finance, 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, across 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.

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.

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.

SHANE MORGAN
EXECUTIVE LEADER
ENVIRONMENTAL & INDUSTRIAL
BEng, MEng (Civil and Resource)

Shane has enterprise leadership of Urban Utilities' industry partnerships, key commercial relationships, business development and developer services. In addition, he is responsible for the operation and optimisation of wastewater treatment plants and resource recovery facilities and the environmental management functions, including SAS Laboratories.

Previously, Shane held the role of Chief Operations Officer at Watercare Services Limited in Auckland, New Zealand.

Shane has over 25 years' experience in the water industry, spanning research, engineering design, operational management, business leadership and utility management.

Shane's core competencies include people management, technology and innovation leadership, strategy development and implementation, and operational management expertise.

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

We have a number of advisory groups assisting the Executive Leadership Team to fulfil its responsibilities, as listed below. 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.

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.

DIGITAL INVESTMENT PORTFOLIO BOARD

The Digital Investment Portfolio Board is responsible for setting the digital strategic direction for Urban Utilities to ensure alignment of projects to achieve strategic outcomes.

WATER VENTURES BOARD

The Water Ventures 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.

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.

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 STRATEGY COMMITTEE

The Executive Strategy Committee provides the Executive Leadership Team with a forum to design, challenge and continuously evolve key elements of Urban Utilities' strategy, which is critical to the dynamic strategic planning framework of the organisation.

In addition to the above committees, a sub-set of the ELT participate in the following:

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.

OLYMPICS STEERING COMMITTEE

The purpose of the Olympic Steering Committee is for key ELT and internal stakeholders to ensure our Olympic and Paralympic program is aligned to our strategy and on track to accelerate specific programs across the organisation.

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.

OUR PLAN FOR THE FUTURE

OUR STRATEGIC PLANNING PROCESS

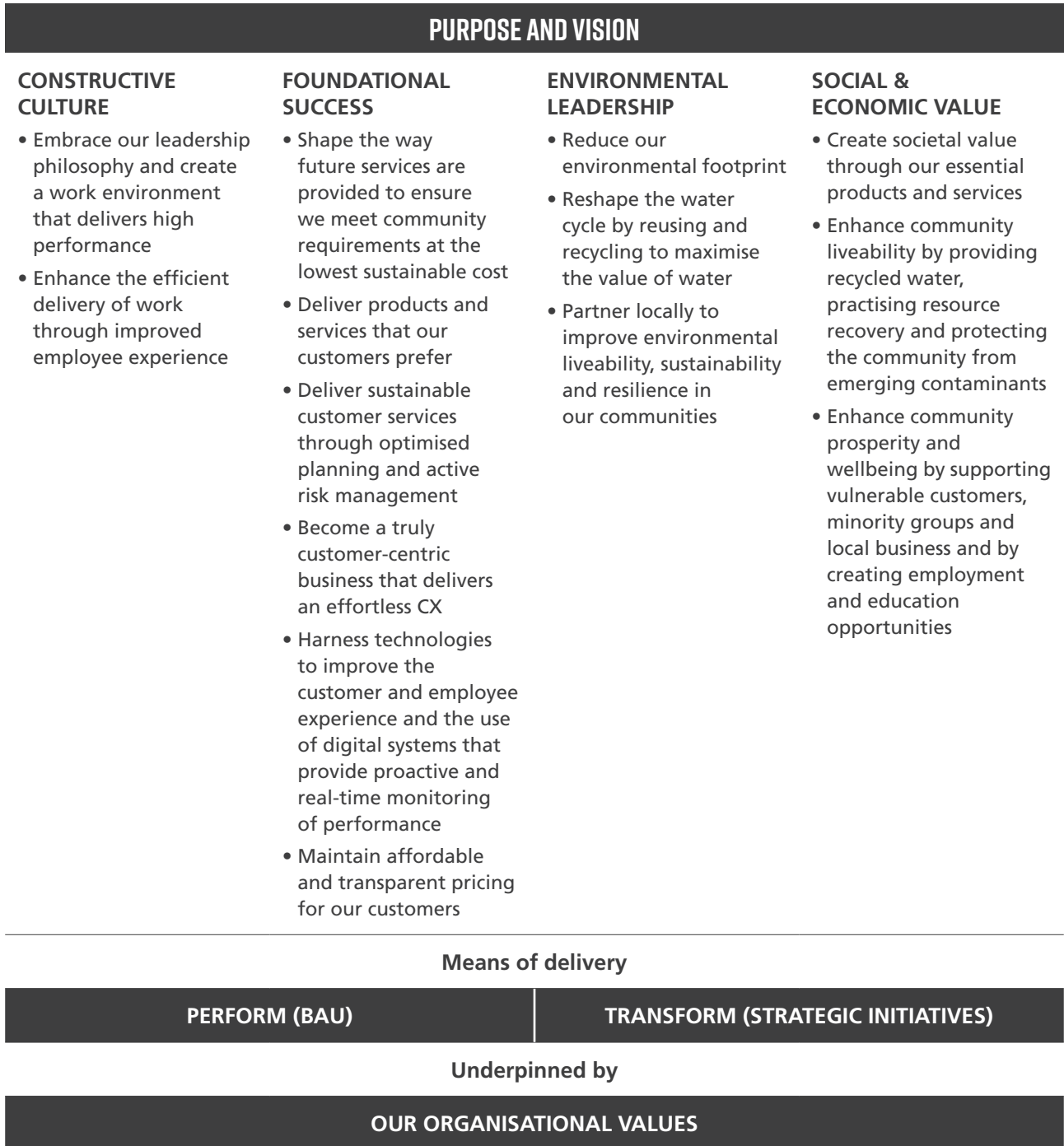
Utilising an approach endorsed by the Australian Institute of Company Directors, our strategic planning process starts with a scan of the trends impacting our operating environment. The results are used to determine and assess key trends and drivers that could influence our future direction.

OUR STRATEGIC INTENT

On 1 July 2019, we implemented a five-year Statement of Strategic Intent, meaning 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 also 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 pages 40-43. All of these elements make up our strategic planning framework (see next page).

OUR STRATEGIC PLANNING FRAMEWORK



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

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

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
Constructive Culture	Culture & Experience	Culture and employee experience, attraction and retention of talent, availability of required capability and skills, or changing societal and community expectations does not enable the delivery of an exceptional customer experience.
	Safety, Health & Wellbeing	Death, illness, disease or injury to an Urban Utilities employee, contractor, partner or to a member of the public.
	Conduct & Integrity	Inappropriate, unethical or unlawful behaviour on the part of the organisation's management or employees.
Foundational Success	Enterprise Security	Major loss or impairment of confidentiality, integrity, availability, operation or reliability of Urban Utilities' ICT systems, infrastructure or information due to inappropriate, unethical or unlawful behaviour. Covers all aspects of people, physical, cyber and supplier security.
	Technology, Data Provision & Governance	Provision of technology to support business processes/strategies, manage data, enable reliable data-driven decision making and drive effective planning, delivery and cost efficiency.
	Water Security, Disruption & Cycle Adaptation	Urban Utilities, through our bulk water provider, is unable to ensure water security. Urban Utilities is unable to provide an acceptable quality of water for health, livelihoods and commercial production to enrich the quality of life.
	Political & Regulatory	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.
	Investment, Disruption & Competition	Investment decisions are not prudent and efficient in maintaining our service risk commitments.
	Financial Sustainability & Affordability	Urban Utilities becomes financially unsustainable and price affordability is not maintained.
Environmental Leadership	Environmental Sustainability	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.
Social & Economic Value	Shareholder	Serious loss of shareholder trust or support for Urban Utilities.
	Customer	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.
	Major Government Projects or PDAs	Urban Utilities has conflicting strategic priorities where the planning processes for major government Priority Development Areas or projects (e.g. Brisbane Olympics) disrupt or inhibit the ability to deliver cost-effective services or cause reactive, out of sequence infrastructure solutions and costs.

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.

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 140).

The Queensland Competition Authority (QCA) is responsible for regulating our water and wastewater 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.

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 FY22, 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 FY22, Internal Audit undertook nine audits. The audits were separated into strategic risk-based reviews, core business process reviews and information technology reviews

CONTINUOUS ASSURANCE

Urban Utilities continued its data analytics-based continuous assurance program during FY22, 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, corruption and whistle-blower matters.

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.
- Developed a procedure to provide guidance as to when and how human rights should be integrated into decision making at Urban Utilities.
- Published our second annual 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. Further, we continued to roll out training about modern slavery to uplift awareness.
- Reviewed our compliance with the *Human Rights Act* through our corporate compliance framework.
- Monitored complaints for any human rights issues.

In FY22, no human rights complaints were received.

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 23) 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 continues to review and improve its compliance 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 records management team oversees the lifecycle of both our digital and physical records. During FY22, we:

- Implemented a cross-organisational Centre of Excellence for records management as well as a new support model to improve engagement with and support for the business.
- Surveyed all business areas to improve our oversight of records created and managed, including the identification of improvements to record keeping.
- Upgraded our EDRMS (QDOX) from 8.3 to 9.4 to ensure better compliance to the *Public Records Act 2002* and improve the recordkeeping experience of staff.
- Further reconciled activities for off-site storage and continued to identify critical records for digitisation.

As part of our Target Operating Model program, we identified the need to implement a Data and Analytics Operating Model to improve our data governance. As part of implementing this model, we identified key data management roles, responsibilities and governing bodies required to ensure our data is managed in compliance with relevant regulations. A Data Governance Group was formed which meets monthly to ensure key data roles have been identified and filled across the organisation. Within this framework, work has begun to progress the maturity of this capability across the organisation, enabling risk mitigation and value generation across the data and information lifecycle.

In line with this, our Information Management Policy has been updated ensuring we can continue to monitor and measure our data maturity while understanding, protecting and leveraging our information assets.

Urban Utilities continues to improve its security risk management practises to protect our people, customers, infrastructure and information. Ongoing investment in our cyber security and broader security and resilience programs aims to reduce risk and enable early detection, response and mitigation of associated business and service disruption risks.

These programs support our compliance with the *Security of Critical Infrastructure Act 2018* and the new reforms to the legislations that have started to come into effect in 2022.

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).

CHAPTER 4: FINANCIAL PERFORMANCE

CHIEF FINANCIAL OFFICER'S SUMMARY

Financial performance at a glance

- Operating profit before tax and capital revenues: \$151.3 million, up 16.1% on FY21.
- Profit after tax: \$219.4 million, down 6.0% on FY21.
- Total revenue: \$1,446.9 million, up 0.8% on FY21.
- Operating cost base: \$1,124.3 million, up 2.1% on FY21.
- Capital expenditure (including developer donated assets): \$393 million.
- Gearing consistent at 40%.

Financial performance for the year ended 30 June 2022

For the year ended 30 June 2022, Urban Utilities reported an operating profit before tax and capital revenues of \$151 million, which was 16.1% higher than our FY21 result. Our net profit after tax of \$219 million was a \$14 million decrease on FY21.

Like many businesses and customers across South-East Queensland, Urban Utilities navigated a year of both economic and environmental challenges ranging from supply chain disruption and delays, inflationary pressures, interest rate rises, and business continuation and asset recovery costs associated with flood events resulting from the La Nina weather cycle. In addition, drought preparedness and increased rainfall across the year resulted in sustained reductions in consumption of our services, both water and wastewater.

Whilst navigating these challenges, Urban Utilities continued our focus on our customers, implementing our Simpler Pricing initiative, which involved streamlining and simplifying our tariffs and prices to ensure they are more equitable and consistent across our service regions. In addition, \$2.5 million of customer relief was provided as part of the Urban Utilities' Customer Care Strategy and we continued to have a major focus on our financial sustainability, delivering in excess of \$48 million of financial benefits, cumulative from FY21.

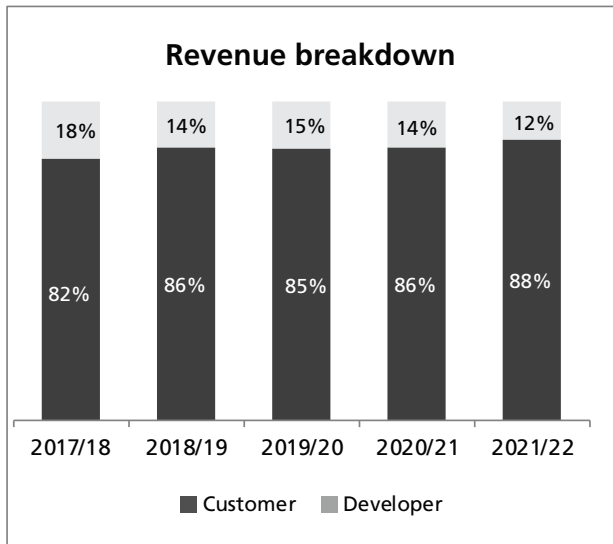
Our five-year financial performance summary is detailed below:

\$M	2017/18	2018/19	2019/20	2020/21	2021/22
Revenue	1,109	1,182	1,237	1,232	1,276
Operating expenses	(985)	(1,053)	(1,114)	(1,102)	(1,124)
Operating profit before tax and capital revenues	124	130	123	130	151
Capital revenues	239	195	210	204	171
Profit before tax	363	325	333	334	323
Taxation expense	(110)	(99)	(102)	(101)	(103)
Profit after tax	253	227	230	233	219

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 FY22 was \$239 million, which was a decrease of \$6 million against 2020/21.

REVENUE SUMMARY

Urban Utilities' gross revenue for the year ended 30 June 2022 was \$1,446.9 million and had two main sources: customers and developers.

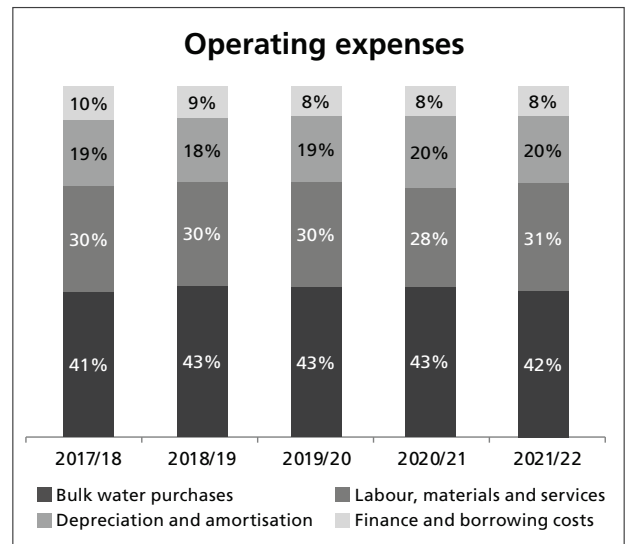


Customer revenue was generated through \$760 million in water utility charges and \$475 million in wastewater utility charges, with the remainder from our professional services, such as SAS Laboratories and developer services. For FY22, customer revenue represented 88% of total revenue in line with previous financial years and increased by 3.5% on FY21, resulting from customer growth and average price increases and offset by lower water and volumetric sewerage consumption.

Capital revenues from developers comprise both donated assets and cash and are used to build water and wastewater infrastructure. This assists funding towards our investment in infrastructure, enabling us to keep our prices lower. In FY22, a downturn in this revenue by \$32.4 million (15.9%) on FY21 occurred and is attributed to the delayed effects of COVID-19.

OPERATING EXPENSE SUMMARY

Urban Utilities' operating expenses for the year ended 30 June 2022 was \$1,124.3 million and increased by \$22.7 million (2.1%) on FY21.

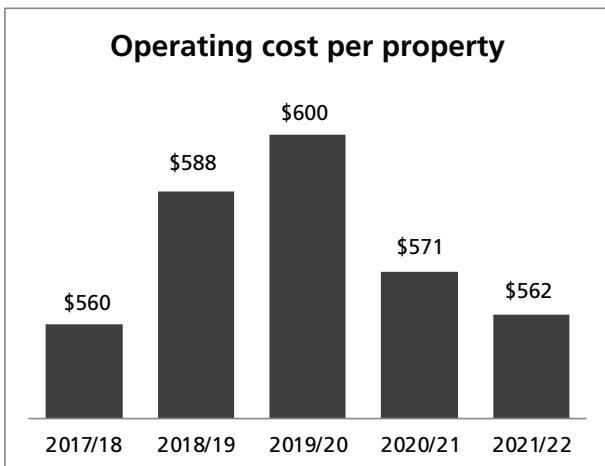


Of the total operating cost increase, \$19.5 million was attributed to the February 2022 flood event offset against insurance claim revenues of \$3.5 million. The remaining increase across labour, materials and services represents standard inflation and growth in activities and initiatives. Bulk water charges were impacted by an average 3.5% price increase imposed by the State Government, with these costs passed directly through to customers. Bulk water continues to account for 42% of our operating cost base.

The increase in the cost of service delivery to customers was impacted by a \$2.1 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.

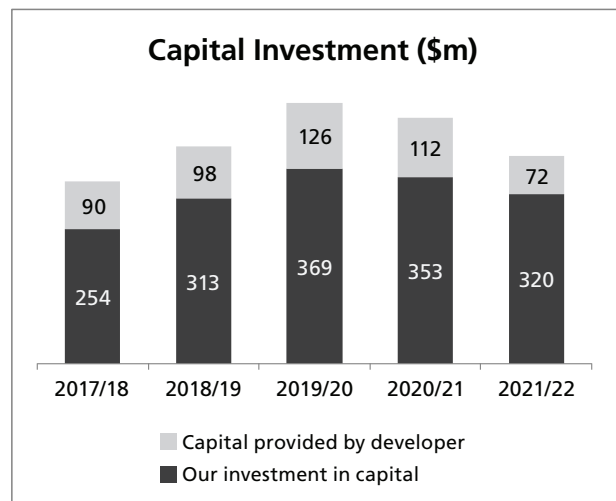
OPERATING COST PER PROPERTY

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. Also excluded are abnormal uncontrollable costs, which includes the February 2022 flood event. There was a 0.1% decrease in Urban Utilities' operating costs per property from FY21 to FY22 in nominal dollars. The ability to maintain static operating costs can be attributed to our drive to realise efficiencies across the organisation, whilst absorbing costs associated with servicing an increased customer base and asset network growth.



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. Capital provided by developers has decreased by \$49.4 million (44%) on FY21 due to a delayed slowdown in developments post COVID-19.



KEY PERFORMANCE MEASURES

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

KEY PERFORMANCE MEASURES	UNIT	2017/18	2018/19	2019/20	2020/21	2021/22
Return on assets	%	4.2%	3.7%	3.4%	3.4%	3.1%
Return on equity	%	7.6%	6.6%	6.4%	6.5%	6.0%
EBITDA interest cover	times	4.25x	4.52x	4.48x	4.80x	5.21x
Funds from operations to net debt	%	11%	12%	11%	10%	11%
Net debt to fixed assets	%	36%	37%	38%	40%	41%

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 financial sustainability.

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 FY22 financial year and the overall financial position at the end of the financial year (30 June 2022).

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 FY22 Financial Statements include adjustments made to the FY21 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 2022. 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 our 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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

CONTENTS

STATEMENT OF COMPREHENSIVE INCOME	76
STATEMENT OF FINANCIAL POSITION	77
STATEMENT OF CHANGES IN EQUITY	79
STATEMENT OF CASH FLOWS	80
1. Basis of financial statement preparation	81
2. Revenue	86
3. Expenses	89
4. Income tax equivalent	92
5. Cash and cash equivalents	94
6. Trade and other receivables	95
7. Other assets	96
8. Property, plant and equipment	97
9. Intangible assets	105
10. Superannuation	107
11. Trade and other payables	111
12. Employee benefits	112
13. Other liabilities	113
14. Contributed equity	114
15. Loans and borrowings	116
16. Fair value measurement	117
17. Financial instruments	118
18. Capital management	123
19. Leases	124
20. Commitments	128
21. Contingencies	129
22. Funds held in trust	130
23. Key executive management personnel and remuneration	131
24. Related parties	135
25. Financial sustainability	137
26. Subsequent events	137
27. New and revised accounting standards	138
CERTIFICATE OF THE CENTRAL SEQ DISTRIBUTOR-RETAILER AUTHORITY	139
INDEPENDENT AUDITOR'S REPORT	140

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

	NOTES	2022 \$'000	2021 \$'000 RESTATED ¹
Revenue			
Utility charges	2.1	1,235,620	1,204,287
Developer Contributions	2.2	171,337	211,321
Other revenue	2.3	40,020	27,639
Total operating revenue		1,446,978	1,443,248
Expenses			
Bulk water purchases	3.1	(468,637)	(471,264)
Depreciation and amortisation	8, 9, 19	(219,668)	(224,884)
Supplies and services	3.2	(197,501)	(183,847)
Employee expenses	3.3	(125,809)	(125,281)
Finance and borrowing costs	3.4, 19	(92,280)	(95,097)
Other expenses	3.5	(20,403)	(10,808)
Total operating expenses		(1,124,299)	(1,111,181)
Profit before income tax equivalent		322,679	332,067
Income tax equivalent	4.1	(103,276)	(100,195)
Profit for the year		219,402	231,872
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Defined benefit plan actuarial gain (loss)	10.3	408	673
Total other comprehensive income (loss)		408	673
Total comprehensive income for the year		219,811	232,545

¹ Comparatives restated (see Note 1.10).

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	NOTES	2022 \$'000	2021 \$'000 RESTATED ¹
Current assets			
Cash and cash equivalents	5	40,165	6,498
Trade and other receivables	6	150,394	148,834
Other assets	7	202,478	145,371
Total current assets		393,037	300,703
Non-current assets			
Property, plant and equipment	8	6,335,041	6,197,254
Right-of-use assets	19	4,418	9,423
Intangible assets	9	148,443	136,684
Defined benefit plan	10.3	4,730	4,147
Other assets	7	757	757
Total non-current assets		6,493,390	6,348,264
Total assets		6,886,426	6,648,968
Current liabilities			
Trade and other payables	11	61,318	55,581
Loans and borrowings	15	-	27,000
Lease liabilities	19	5,564	6,341
Employee benefits	12	31,210	32,625
Other liabilities	13	124,369	101,292
Income tax payable	13	19,058	4,349
Participation returns	14.1	75,000	79,500
Total current liabilities		316,519	306,688
Non-current liabilities			
Loans and borrowings	15	2,624,895	2,474,895
Lease liabilities	19	281	5,845
Employee benefits	12	3,752	4,622
Other liabilities	13	99	2,211
Deferred tax liabilities	4.2	264,778	247,788
Total non-current liabilities		2,893,805	2,735,360
Total liabilities		3,210,324	3,042,048
Net assets		3,676,103	3,606,919

¹ Comparatives restated (see Note 1.10).

STATEMENT OF FINANCIAL POSITION (CONT'D)

As at 30 June 2022

	NOTES	2022 \$'000	2021 \$'000 RESTATED ¹
Equity			
Contributed equity	14.2	2,538,793	2,538,793
Retained earnings		984,402	915,191
Asset revaluation surplus	8.7	152,908	152,935
Total equity		3,676,103	3,606,919

¹ Comparatives restated (see Note 1.10).

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	NOTES	CONTRIBUTED EQUITY \$'000	RETAINED EARNINGS \$'000	ASSET REVALUATION SURPLUS \$'000	CASH FLOW HEDGE RESERVE \$'000	TOTAL \$'000
Balance as at 30 June 2020		2,538,793	844,336	152,935	10	3,536,074
FY21 Adjustment on application of IFRIC decision on SaaS (post tax)	1.11		(2,691)			(2,691)
Adjusted Balance at 1 July 2020		2,538,793	841,645	152,935	10	3,533,383
Distributions to Participants						
Participation returns to Participants	14.1	-	(159,000)	-	-	(159,000)
Total distributions to Participants		-	(159,000)	-	-	(159,000)
Profit for the year		-	231,872	-	-	231,872
<i>Other comprehensive income:</i>						
Defined benefit plan actuarial loss, net of tax	10.3	-	673	-	-	673
Cash flow hedge reversal	17				(10)	(10)
Decrease in asset revaluation surplus, net of tax	8.7			-		-
Total comprehensive income for the year		-	232,545	-	(10)	232,535
Balance as at 30 June 2021		2,538,793	915,191	152,935	-	3,606,919
Balance as at 1 July 2021		2,538,793	915,191	152,935	-	3,606,919
Restatement of Deferred Tax liability due to prior period adjustments	1.10, 4.2	-	(625)	-	-	(625)
Adjusted balance at 1 July 2021		2,538,793	914,566	152,935	-	3,606,294
Distributions to Participants						
Participation returns to Participants	14.1	-	(150,000)	-	-	(150,000)
Total distributions to Participants		-	(150,000)	-	-	(150,000)
Profit for the year		-	219,402	-	-	219,402
<i>Other comprehensive income:</i>						
Defined benefit plan actuarial gain, net of tax	10.3	-	408	-	-	408
Decrease in asset revaluation surplus, net of tax	8.7	-	27	(27)	-	-
Total comprehensive income for the year		-	219,838	(27)	-	219,811
Balance as at 30 June 2022		2,538,793	984,402	152,908	-	3,676,103

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	NOTES	2022 \$'000	2021 \$'000 RESTATED ¹
Cash flows from operating activities			
Receipts from customers		1,217,048	1,186,447
Developer cash contributions received		98,580	91,484
Interest received		694	846
GST input tax credits from Australian Taxation Office (ATO)		46,098	50,752
		1,362,420	1,329,529
Payments to employees		(123,696)	(124,551)
Payments to suppliers		(715,773)	(715,355)
Finance and borrowing costs paid		(90,525)	(92,633)
Income tax paid		(71,752)	(69,996)
GST remitted to ATO		(1,259)	(1,420)
		(1,003,005)	(1,003,954)
Net cash inflow from operating activities	5.1	359,415	325,575
Cash flows from investing activities			
Proceeds from sale of plant and equipment, and intangible assets		(144)	980
Payments for property, plant and equipment, and intangible assets		(287,355)	(338,112)
Net cash outflow from investing activities		(287,499)	(337,132)
Cash flows from financing activities			
Proceeds from long-term borrowings (Queensland Treasury Corporation)	15	150,000	150,000
Proceeds from long-term borrowings (Participating Councils)	15	-	30,000
Proceeds from short-term borrowings (Queensland Treasury Corporation)	15	-	27,000
Payment of short-term borrowings (Queensland Treasury Corporation)	15	(27,000)	(95,000)
Payment of lease liabilities	19	(6,748)	(7,790)
Payment of participation returns	14.1	(154,500)	(159,000)
Net cash inflow (outflow) from financing activities		(38,248)	(54,790)
Net increase (decrease) in cash and cash equivalents		33,668	(66,347)
Cash and cash equivalents at the beginning of the financial year		6,498	72,845
Cash and cash equivalents at the end of the financial year	5	40,166	6,498

¹ Comparatives restated (see Note 1.10).

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 Authority's primary function is the provision of water and sewerage services for its geographic area as 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 2021 to 30 June 2022 and have been prepared in accordance with:

- Applicable Australian Accounting Standards (AAS) and Interpretations, issued by the Australian Accounting Standards Board (AASB);
- 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 15 August 2022. Board members have the power to amend and reissue the Financial Statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 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.

These accounting estimates and underlying assumptions are reviewed on an ongoing basis. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

An exception to this is the treatment of 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.

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 fringe benefits tax is paid to the ATO in accordance with the relevant legislation. 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 risk 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 2.2 – Contributions

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 changes in environmental regulation or community expectations (for example: emerging contaminants or nutrient discharges) manifest in unplanned change or impact cost to serve. Consideration of these climate-related risks is defined in more detail in Note 17.1.

COVID-19 has continued to impact organisations this year, either directly or indirectly. The Authority is reviewing and assessing the ongoing situation, impacts on financial performance, financial position and cash flows, and responding accordingly. However, at this point in time it has not had a significant impact on the Authority's financial position and performance to date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

1.10 Prior period adjustment

In preparation of the 2021-22 financial statements, the Authority identified \$19.2M of donated assets (2021: \$24.0M) with connection certificates issued prior to 1 July 2021 that were not previously recognised as contributions revenue. In addition to this, \$11.7M of donated assets recognised in prior periods, have been reclassified as constructed assets in FY2022.

A prior period adjustment of \$9.6M (2021:\$2.7M) has been recognised as a result of reclassification of costs previously recognised as intangible assets. This adjustment is further explained in Note 1.11

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 2021	30 JUNE 2021 AS REPORTED \$'000	PRIOR PERIOD ADJUSTMENT ON DONATED ASSETS \$'000	ADJUSTMENT ON APPLICATION OF IFRIC DECISION ON SAAS \$'000	30 JUNE 2021 RESTATED \$'000
Non-current assets				
Property, plant and equipment	6,189,708	7,545	-	6,197,254
Intangible Assets	146,313	-	(9,629)	136,684
Total non-current assets	6,350,347	7,545	(9,629)	6,348,264
Total assets	6,651,051	7,545	(9,629)	6,648,967
Non-current liabilities				
Deferred tax liabilities	248,413	2,264	(2,889)	247,788
Total non-current liabilities	2,735,985	2,264	(2,889)	2,735,360
Net assets	3,608,378	5,282	(6,740)	3,606,919
Retained earnings	916,650	5,282	(6,740)	915,191
Total equity	3,608,378	5,282	(6,740)	3,606,919

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021	30 JUNE 2021 AS REPORTED \$'000	PRIOR PERIOD ADJUSTMENT ON DONATED ASSETS \$'000	ADJUSTMENT ON APPLICATION OF IFRIC DECISION ON SAAS \$'000	30 JUNE 2021 RESTATED \$'000
Revenue				
Contributions	203,776	7,545	-	211,321
Total operating revenue	1,435,703	7,545	-	1,443,248
Supplies and services	(174,218)	-	(9,629)	(183,847)
Total operating expenses	(1,101,550)	-	(9,629)	(1,111,179)
Profit before income tax equivalent	334,152	7,545	(9,629)	332,069
Income tax equivalent	(100,820)	(2,264)	2,889	(100,195)
Profit for the year	233,332	5,282	(6,740)	231,873
Total comprehensive income for the year	234,005	5,282	(6,740)	232,546

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

1.11 Changes to significant accounting policy

Cloud computing arrangements

During the FY2021 year, the Authority revised its accounting policy in relation to configuration and customisation costs incurred in implementing cloud computing arrangements (CCA's) in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The new accounting policy is presented in Note 9.

As at 30 June 2022:

The change in policy has been retrospectively applied and comparative financial information has been restated, as follows:

	30 JUNE 2022 ADJUSTMENTS \$'000	30 JUNE 2021 ADJUSTMENTS \$'000
Prepayments	-	3,844
Software opening balance	(14,092)	(5,112)
Work in progress opening balance	-	(2,143)
Work in progress current year	-	(2,368)
Accumulated amortisation reversal	4,463	1,385
Depreciation and amortisation reversal	-	(1,385)
Supplies and services	9,629	3,088
Retained earnings prior period adjustment	6,740	2,691

Based on the analysis of cloud computing arrangements, the Authority identified \$9.6M Software as a Service (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 2021.

The Authority's analysis of Platform-as-a-Service cloud computing arrangements of \$76.2m has been completed and all PaaS arrangements been confirmed to be Intangible assets and remain capitalised on the Statement of Financial Position.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 goods or services 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"> • Water access charges • Water volumetric charges • Wastewater charges • Recycled water 	Customers obtain control when: <ul style="list-style-type: none"> • water and wastewater services access is provided. • water and recycled water is consumed. 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"> • water and wastewater access is provided to customers. • when water is supplied to customers.
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 charges is issued upon the developers' request. Payment is required before a connection certificate is issued; hence, cash contributions are recognised as revenue upon receipt of 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 a 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"> • Professional fees • Property connection fees • Other fees and charges 	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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

2.1 Utility charges

	2022 \$'000	2021 \$'000
Water volumetric charges	577,426	559,166
Wastewater charges	475,530	482,163
Water access charges	173,435	156,985
Recycled water	9,229	5,973
	1,235,620	1,204,287

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.

2.2 Contributions

	2022 \$'000	2021 \$'000 RESTATED ¹
Developer contributions – cash	98,911	91,483
Developer contributions – donated assets	72,426	119,838
	171,337	211,321

¹ Comparatives restated (see Note 1.10).

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 received 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 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

2.3 Other revenue

	2022 \$'000	2021 \$'000
Professional fees	13,095	11,140
Property connection fees	7,020	6,047
Other fees and charges	10,026	7,019
Interest income	698	800
Grants and subsidies	1,353	461
Insurance recovery	5,203	297
Other revenue	2,624	1,875
	40,020	27,639

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 and brought to account as a prepayment.

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 incurs expenses relating to the grant.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

3. EXPENSES

3.1 Bulk water purchases

Bulk water is purchased from Seqwater (the sole supplier of bulk water to the Authority) and is recognised as an expense in the period that the water is provided. The price the Authority pays for bulk water is recommended by the Queensland Competition Authority and determined by the State government.

3.2 Supplies and services

	NOTE	2022 \$'000	2021 \$'000 RESTATED ¹
Materials and services		178,302	168,283
Consultancies and legal fees		1,777	1,210
Board fees	24.1	510	533
Other supplies and consumables		16,913	13,820
		197,501	183,847

¹ Comparatives restated (see Note 1.10).

Supplies and services generally represent the day-to-day running costs incurred in normal operations. They are expensed in the reporting period in which they are incurred.

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

3.3 Employee expenses

	2022 \$'000	2021 \$'000
Salaries and wages	114,707	116,444
Employer superannuation contribution	13,363	13,320
Annual leave expenses	9,969	9,635
Payroll tax	6,969	6,991
Long service leave expenses	604	3,633
Other employee related expenses	1,469	1,127
	147,081	151,150
Less: capitalised costs	(21,272)	(25,869)
	125,809	125,281
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:	1,006 FTE	1,061 FTE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

3.3 Employee expenses (cont'd)

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.

Superannuation

The Authority contributes to Brighter Super (formerly known as LGIAsuper) for employees under both the defined benefit scheme and the accumulation superannuation scheme. The Authority has no liability to or interest in Brighter Super 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 Brighter Super (see Note 10). Contributions are expensed when incurred.

3.4 Finance and borrowing costs

	2022 \$'000	2021 \$'000
Queensland Treasury Corporation (QTC) finance costs	87,638	89,949
Interest on Participants' debt	2,047	2,063
Bank charges	2,082	2,282
Interest on leases	407	680
Interest on restoration provision	106	122
	92,280	95,097

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).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

3.5 Other expenses

	NOTE	2022 \$'000	2021 \$'000
Insurance		6,111	5,462
Land taxes		4,651	4,298
Audit fees (internal and external)		752	775
Loss on disposal of assets		7,495	174
Impairment of receivables	6	1,300	13
Other		96	87
		20,403	10,808

Audit fees

Total external audit fees paid to the Queensland Audit Office relating to the FY2022 financial statements are estimated to be \$301,180 (2021: \$328,608). There are no non-audit services included in this amount.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

4. INCOME TAX EQUIVALENT

The Authority is exempt from Federal Government income taxation but is subject to the Local Government Tax Equivalent 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.

4.1 Income tax expense

Income tax equivalent expense (referred to as income tax expense) on the Statement of Comprehensive Income comprises current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, less any instalments paid and any adjustment to tax payable in respect of the previous year. Taxable income differs from profit before tax reported in the Statement of Comprehensive Income, as it excludes items of income and expense that are taxable or deductible in other years, and excludes any items that will never be taxable or deductible. The Authority's liability for current tax expense is calculated using tax rates enacted at balance date.

	2022 \$'000	2021 \$'000 RESTATED ¹
Current tax expense	87,087	79,620
Deferred tax expense	16,190	20,575
	103,276	100,195
<i>Reconciliation of income tax expense to prima-facie tax payable:</i>		
Profit before income tax equivalent	322,679	332,069
Prior Year Income recognised in FY22 – Donated Assets	19,263	
Unrealised Gain on defined Benefit	583	
Profit before income tax equivalent	342,525	332,069
Income tax equivalent expense at 30% (2021: 30%)	102,758	99,621
Non-deductible expenditure	25	7
Permanent difference – depreciation on acquired assets	494	568
Total income tax expense	103,276	100,195

¹ Comparatives restated (see Note 1.10).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

4.2 Deferred tax assets and liabilities

	ASSETS		LIABILITIES		NET	
	2022 \$'000	2021 \$'000 RESTATED ¹	2022 \$'000	2021 \$'000 RESTATED ¹	2022 \$'000	2021 \$'000 RESTATED ¹
Provisions	15,016	14,086	-	-	15,016	14,086
Accrued expenses	233	401	-	-	233	401
Plant and equipment	160,907	124,793	(141,744)	(116,676)	19,164	8,117
Expenses capitalised for tax	32	36	-	-	32	36
Carry forward capital losses	-	-	-	-	-	-
Contributed assets	-	-	(299,555)	(272,819)	(299,555)	(272,819)
Other	1,754	3,656	(1,246)	(977)	508	2,679
Amounts recognised directly in equity:						
Defined benefit plan	-	-	(175)	(288)	(175)	(288)
Cash flow hedge	-	-	-	-	-	-
Tax asset (liability)	177,942	142,972	(442,720)	(390,760)	(264,778)	(247,788)
Set-off of deferred tax	(177,942)	(142,972)	177,942	142,972	-	-
Net deferred tax asset (liability)	-	-	(264,778)	(247,788)	(264,778)	(247,788)
Movements in deferred tax assets and liabilities						
Balance at 1 July	142,972	116,497	(390,760)	(343,421)	(247,788)	(226,924)
Restatement of Deferred Tax liability due to prior period adjustments	-	-	(625)	-	(625)	-
Defined benefit plan	-	-	(175)	(288)	(175)	(288)
Adjusted balance at 1 July	142,972	116,497	(391,560)	(343,709)	(248,588)	(227,212)
Deferred tax expense	34,970	26,475	(51,160)	(47,050)	(16,190)	(20,575)
Balance at 30 June	177,942	142,972	(442,720)	(390,760)	(264,778)	(247,788)

¹ Comparatives restated (see Note 1.10).

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the applicable amounts 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.

At the reporting date, the Authority has no unused revenue tax losses available for offset against future profits. Additionally, no deferred tax asset has been recognised in respect of capital losses of \$4 million as it is unlikely that there will be future capital gains to utilise these capital losses. The capital losses may be carried forward indefinitely.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

5. CASH AND CASH EQUIVALENTS

	2022 \$'000	2021 \$'000
Cash at bank and on hand	40,165	6,498
Cash and cash equivalents in the Statement of Cash Flows	40,165	6,498

Cash and cash equivalents comprise cash on hand and at bank, cheques receipted not banked, deposits held on call, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

5.1 Reconciliation of profit after income tax to net cash from operating activities

	NOTES	2022 \$'000	2021 \$'000 RESTATED ¹
<i>Cash flows from operating activities</i>			
Profit for the year		219,402	231,872
<i>Adjustments for:</i>			
Depreciation and amortisation	8, 9, 19	219,668	224,884
Loss (gain) on disposal of assets	3.5	7,495	174
Donated assets	2.2	(72,426)	(119,838)
Credit losses of receivables	6	1,300	13
<i>Change in assets and liabilities</i>			
(Increase) in trade and other receivables		(2,860)	(88,879)
(Increase) / decrease in other assets		(57,107)	39,767
(Decrease) / increase in trade and other payables		(32,877)	2,256
(Decrease) / increase in employee benefits		(2,285)	57
Increase in other liabilities		62,290	14,692
Increase in deferred tax		16,815	20,575
Net cash inflow from operating activities		359,415	325,573

¹ Comparatives restated (see Note 1.10).

5.2 Funding facilities

	2022 \$'000	2021 \$'000
QTC working capital facility	300,000	300,000
Overdraft facility – Commonwealth Bank	5,000	5,000
Total facility	305,000	305,000
Amount of facility undrawn	305,000	278,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

6. TRADE AND OTHER RECEIVABLES

	2022 \$'000	2021 \$'000
Current		
Trade and other receivables	160,116	157,388
Provision for impairment	(9,722)	(8,553)
Total	150,394	148,834

Trade and other receivables are recognised at the time of invoicing, sale or service delivery. Settlement of these amounts is required within 30 days from invoice date and they are classified as current. In FY2021, the Authority commenced billing access charges in line with volumetric charges where access charges are billed in arrears. Due to the short-term nature of the current receivables, their carrying amount approximates fair value. Interest of 8.03% (2021: 8.53%) based on the government prescribed rate is charged on trade receivables that are overdue.

	2022 \$'000	2021 \$'000
<i>Movements in the provision for impairment:</i>		
Balance at the beginning of the year	(8,553)	(8,631)
Amounts written off during the year	130	91
Increase in provision	(1,300)	(13)
Balance at the end of the year	(9,722)	(8,553)

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

7. OTHER ASSETS

	2022 \$'000	2021 \$'000
Current		
Accrued utility charges	184,704	130,942
Prepayments	6,170	8,066
Inventories held for use	5,147	4,844
Lease receivables	-	71
Renewable energy certificates	127	52
Other	6,330	1,395
	202,478	145,371
Non-current		
Prepayments	757	757
	757	757
Total	203,235	146,127

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 (2021: \$2.8M).

Water residing in the Authority's infrastructure assets as 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 2,922 (2021: 1,584) 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 *Leases* 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 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 that 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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

8.5 Balances as at 30 June

	2022 \$'000	2021 \$'000 RESTATED ¹
Land:		
At fair value	68,379	68,379
Buildings:		
At fair value	26,710	25,183
Less: Accumulated depreciation	(16,019)	(14,188)
	10,690	10,995
Plant and equipment:		
At cost	10,106	10,047
Less: Accumulated depreciation	(7,099)	(6,231)
	3,007	3,816
Fleet:		
At cost	32,005	31,762
Less: Accumulated depreciation	(18,539)	(16,361)
	13,466	15,401
Water supply network:		
At fair value	3,073,487	2,965,514
Less: Accumulated depreciation	(642,796)	(574,724)
	2,430,690	2,390,790
Sewerage network:		
At fair value	4,680,397	4,498,417
Less: Accumulated depreciation	(1,303,028)	(1,184,024)
	3,377,370	3,314,393
Assets under construction:		
At cost	431,439	393,479
Carrying amount	6,335,041	6,197,254

¹ Comparatives restated (see Note 1.10).

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 \$40M (2021: \$34.0M) for water supply network and \$208M (2021: \$194.4M) for sewerage network assets. The Authority does not intend to retire these assets in the next 12 months.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

8.6 Reconciliation of carrying amount

2022	LAND (LEVEL 3)	BUILDINGS (LEVEL 3)	PLANT AND EQUIPMENT	FLEET	WATER SUPPLY NETWORK (LEVEL 3)	SEWERAGE NETWORK (LEVEL 3)	WORK IN PROGRESS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2021 restated ¹	68,379	10,995	3,816	15,401	2,390,790	3,314,393	393,479	6,197,254
Additions at cost	-	1,527	59	2,073	-	-	273,529	277,189
Donated assets	-	-	-	-	37,015	35,411	-	72,426
Disposals	-	-	-	(475)	(2,414)	(5,414)	-	(8,303)
Transfers from work in progress	-	-	-	-	74,417	161,152	(235,569)	-
Depreciation for the year	-	(1,831)	(869)	(3,534)	(69,117)	(128,172)	-	(203,523)
Carrying amount at 30 June 2022	68,379	10,690	3,007	13,466	2,430,690	3,377,370	431,439	6,335,041
Carrying amount at cost	65,807	9,954	3,007	13,465	2,256,220	3,089,059	431,439	5,868,951

2021 RESTATED ¹	LAND (LEVEL 3)	BUILDINGS (LEVEL 3)	PLANT AND EQUIPMENT	FLEET	WATER SUPPLY NETWORK (LEVEL 3)	SEWERAGE NETWORK (LEVEL 3)	WORK IN PROGRESS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2020 restated ¹	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	-	-	293,882	297,963
Donated assets	-	-	-	-	60,965	70,591	-	131,556
Disposals	-	-	(95)	(595)	(447)	(18)	-	(1,155)
Transfers from work in progress	-	-	-	-	142,465	224,146	(366,611)	-
Depreciation for the year	-	(1,724)	(908)	(3,503)	(68,068)	(129,779)	-	(203,982)
Carrying amount at 30 June 2021	68,379	10,995	3,816	15,401	2,390,790	3,314,393	393,479	6,197,254
Carrying amount at cost	65,807	10,258	3,816	15,401	2,290,737	3,187,234	393,479	5,959,186

¹ Comparatives restated (see Note 1.10).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

8.7 Asset revaluation surplus movement

2022	LAND	BUILDINGS	WATER SUPPLY NETWORK	SEWERAGE NETWORK	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance 1 July 2021	1,789	487	59,704	90,955	152,935
Revaluation decrements related to asset disposal	-	-	(26)	(2)	(27)
Balance 30 June 2022	1,789	487	59,678	90,954	152,908

2021	LAND	BUILDINGS	WATER SUPPLY NETWORK	SEWERAGE NETWORK	TOTAL
	\$'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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 2022 using a discounted cash flow methodology, which determined the fair value to be \$6.6B (2021: \$6.3B). 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

Valuation techniques and process used to determine level 3 fair values

Estimates of fair value are prepared by management and presented to the Audit, Finance and Risk Committee (AFRC), 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. The modelling has been performed for two in FY2022 (2021: 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

No assumptions were input to the fair value model for any changes in operating expenses related to climate-related risks.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

Valuation inputs and relationships to fair value

The following table summarises the quantitative information regarding 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) ¹	FY2023 to FY2042 (2021: FY2022 to FY2041)	The higher the annual revenue cash flow, the higher the fair value
Operating expenditure growth rate	Long term average growth as forecast by management	3.00% (2021: 2.50%)	The higher the annual growth in operating expenditure, the lower the fair value
Capital expenditure growth rate	Long term average growth as forecast by management	3.00% (2021: 2.50%)	The higher the annual growth in capital expenditure, the lower the fair value
Terminal value	Gordon Growth Model ² ; and Regulatory Asset Base (RAB)	Gordon Growth Model RAB 1.15 \$5.8B to \$7.4B (2021: \$5.6B to \$6.9B)	The higher the terminal value, the higher the fair value
RAB Multiple	Multiple range between 1.0 and 1.3	1.15 (2021:1.0)	The higher the RAB multiple the higher the terminal value and fair value
Weighted average cost of capital (WACC)	Developed by management in consultation with independent experts	Post-tax WACC 5.78% (2021: 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.

¹ 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.

² The Gordon Growth Model is used to calculate the intrinsic value of an asset today, based on the asset's expected constant growth rate.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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. Based on this review an impairment loss of \$1.2M (2021: \$0) has been recognised.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

9. INTANGIBLE ASSETS

	SOFTWARE		WORK IN PROGRESS		TOTAL	
	2022 \$'000	2021 ¹ \$'000	2022 \$'000	2021 ¹ \$'000	2022 \$'000	2021 ¹ \$'000
Carrying amount at 1 July restated ¹	82,858	10,021	53,825	98,773	136,684	108,794
Acquisitions at cost	-	-	36,014	43,070	36,014	43,070
Disposals	0	-	(13,113)	-	(13,113)	-
Transfers from work in progress	6,643	88,017	(6,643)	(88,017)	-	-
Amortisation for the year	(11,141)	(15,180)	-	-	(11,141)	(15,180)
Carrying amount at 30 June	78,360	82,858	70,083	53,825	148,444	136,683
Gross carrying amount	128,238	124,457	70,083	53,825	198,321	178,281
Accumulated amortisation	(49,878)	(41,599)	-	-	(49,878)	(41,599)
Carrying amount at cost	78,360	82,858	70,083	53,825	148,443	136,684

¹ Comparatives restated (see Note 1.10).

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 they increase the future economic benefits of the intangible asset to which they relate.

Development costs are assessed regularly for capitalisation and where costs cannot be capitalised and 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 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 \$15.7M (2021: \$14.0M).

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

9. INTANGIBLE ASSETS (CONT'D)

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 supplier provides both configuration and customisation services, judgement has been applied to determine whether or not each of these services are distinct 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 NIL (2021: \$3.8M) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 – Brighter Super

LGIAsuper is now officially known as Brighter Super (effective 1 July 2022) following the successful merger with Energy Super on 1 July 2021, and the acquisition of Suncorp's superannuation business (SPSL).

The Authority contributes to Brighter Super (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.

The scheme has a legal obligation to act solely in the best interest of the scheme beneficiaries and 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 *Employee Benefits*. 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 *Employee Benefits*. 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 *Employee Benefits* 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 *Employee Benefits*. 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 *Employee Benefits* (see Note 10.3).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

10.1 Local government superannuation scheme – Brighter Super (cont'd)

An actuarial assessment of the Scheme was undertaken as at 1 July 2021. The actuary indicated that at 1 July 2021, the Scheme was solvent as the net realisable value of the assets of the Scheme exceed the Minimum Requisite Benefits (MRB) of all members of the Scheme. Further the actuary advised that the Scheme was likely to remain solvent to the expiry of the Funding and Solvency Certificate.

The next triennial actuarial review will be conducted no later than 1 July 2024.

The most significant risks that may result in Brighter Super 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.

The Superannuation Guarantee employer contribution rate increased from 9.5% to 10% on 1 July 2021, and from 10% to 10.5% on 1 July 2022.

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 Brighter Super trust deed is 12% and may be varied on the advice of an actuary. The actuary report as at 1 July 2021 recommended the following rates:

- 12% of salaries for members contributing at 6% of salary.
- Additional contributions to the ABF for Regional DBF members at the rate of the prevailing Superannuation Guarantee rate (currently 10%) 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.

	2022 \$'000	2021 \$'000
Contributions made to Regional Defined Benefits Fund	320	256

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 13 (2021: 15) employees funded under this benefit. The Authority has provided a written guarantee to Brighter Super 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 Brighter Super 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 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
- 5% of salary or 5.88% of salaries for defined benefit members' contributions made via salary sacrifice.

Brighter Super's actuary reported at 1 July 2018 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.

At 1 July 2021 Brighter Super's actuarial valuation has recommended that, in the absence of any special circumstances and subject to satisfying any industrial agreements, that each City DBF employer continues the existing contribution holiday and that they expect that the contribution holiday may be maintained beyond the completion of the next actuarial valuation.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

10.3 City Defined Benefits Fund (cont'd)

	2022 \$'000	2021 \$'000
Net defined benefit asset¹		
Net asset at start of the year	4,147	3,186
Net asset at end of year	4,730	4,147
Fair value of Fund assets²		
Fair value at beginning of the year	11,698	11,345
Fair value at end of the year	10,190	11,698
Defined benefit obligation³		
Present value at beginning of the year	7,551	8,159
Present value at end of the year	5,460	7,551

¹ 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.

² 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.

³ 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

II. TRADE AND OTHER PAYABLES

	2022 \$'000	2021 \$'000
Current		
Trade creditors	55,642	49,097
Infrastructure agreement liabilities	305	1,295
Other payables	5,370	5,189
	61,318	55,581
Total	61,318	55,581

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 2022

12. EMPLOYEE BENEFITS

	2022 \$'000	2021 \$'000
Current		
Long service leave	16,283	17,640
Annual leave	12,658	13,259
Accrued salaries and wages	2,127	1,570
Time in lieu	142	157
	31,210	32,625
Non-current		
Long service leave	3,752	4,622
	3,752	4,622
Total	34,962	37,247

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 in excess of regular working hours, such as statutory holidays worked and overtime up to reporting date. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

13. OTHER LIABILITIES

	2022 \$'000	2021 \$'000
Current		
Accrued capital program costs	49,727	37,322
Accrued bulk water purchases	38,333	37,702
Accrued interest	7,566	7,892
Unearned revenue	2,838	1,934
Provision for restructuring	503	1,121
Provision for restoration	2,212	512
Other	23,190	14,809
	124,369	101,292
Non-current		
Provision for restoration	99	2,211
	99	2,211
Total	124,468	103,503
Income tax payable	19,058	4,349
	143,527	107,852

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 recognised in the Statement of Comprehensive Income on delivery of the services. Developer contributions for specific assets are recognised as a 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 *Leases*. A corresponding right-of-use asset is recognised in Note 19.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

14. CONTRIBUTED EQUITY

14.1 Participation returns

	NOTE	2022 \$'000	2021 \$'000
In accordance with the Participation Agreement, the Board declared the final participation return payment of \$75.0M (2021: \$79.5M) on 20 June 2022. Payment will be made on 30 September 2022.		75,000	79,500
An interim participation return was paid on 31 January 2022. The floor return was set by the Board on 21 May 2018 and confirmed by the Board on 15 June 2020.		75,000	79,500
Total participation rights paid/payable		150,000	159,000
Amounts per Participant:			
Brisbane City Council (85.007%)		127,511	135,161
Ipswich City Council (12.222%)		18,333	19,433
Lockyer Valley Regional Council (0.903%)		1,355	1,436
Scenic Rim Regional Council (1.042%)		1,563	1,657
Somerset Regional Council (0.826%)		1,239	1,313
	24.5	150,000	159,000
Cash payments to Participants during the financial year		154,500	159,000

Participation returns are paid to the Participating Councils in accordance with the terms of the revised Participation Agreement.

Total returns to Participating Councils are as follows:

	2022 \$'000	2021 \$'000
Participation returns	150,000	159,000
Income tax	82,076	79,620
Interest	2,047	2,063
Land tax	4,651	4,298
Stamp duty	66	36
	238,839	245,017

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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)
	4,025,812
<i>Represented by:</i>	
Contributed equity	2,538,793
Participant's debt	1,487,019
	4,025,812

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

15. LOANS AND BORROWINGS

	2022 \$'000	2021 \$'000
Current		
QTC working capital facility	-	27,000
Total	-	27,000
Non-current		
QTC client specific pool	2,551,680	2,401,680
Participating Councils:		
Lockyer Valley Regional Council	14,736	14,736
Scenic Rim Regional Council	14,676	14,676
Somerset Regional Council	43,803	43,803
	73,215	73,215
Total	2,624,895	2,474,895
Total	2,624,895	2,501,895

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 \$2,383M (2021: \$2,540M).

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.

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 2022 is 3.50% (2021: 3.76%). Interest payments are made monthly in arrears at rates ranging from 0.48% to 3.54% (2021: 0.48% to 3.85%).

Participants' loans

Loans subject to an annual resetting fixed rate are in place with Lockyer Valley Regional Council, Scenic Rim Regional Council and Somerset Regional Council with an expiry date of 30 June 2028. The fixed rate for the year ended 30 June 2022 year was 3.82% (2021: 4.22%) for the loans entered into in 2010 and 1.32% (2021: 1.26%) for the additional loan entered into with Somerset Regional Council in 2021. The loans require monthly interest-only payments and no participating loans were repaid to Participating Councils during the year.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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.

16.2 Categorisation of assets and liabilities measured at fair value

	NOTES	LEVEL 1		LEVEL 2		LEVEL 3		TOTAL CARRYING AMOUNT	
		2022	2021	2022	2021	2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment									
Land	8	-	-	-	-	68,379	68,379	68,379	68,379
Buildings	8	-	-	-	-	10,690	10,995	10,690	10,995
Water supply network	8	-	-	-	-	2,430,690	2,376,343	2,430,690	2,376,343
Sewerage network	8	-	-	-	-	3,377,370	3,309,578	3,377,370	3,309,578
Total property plant and equipment		-	-	-	-	5,887,130	5,765,294	5,887,130	5,765,294
Other assets									
Defined benefit plan	10.3	-	-	-	-	4,730	4,147	4,730	4,147
Renewable energy certificates	7	127	52	-	-	-	-	127	52
Total other assets		127	52	-	-	4,730	4,147	4,857	4,199
Other liabilities									
Employee benefits – long service leave	12	-	-	-	-	20,036	22,262	20,036	22,262
Total other liabilities		-	-	-	-	20,036	22,262	20,036	22,262

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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.

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.

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	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.
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.
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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

RISK	DEFINITION	EXPOSURE	MEASUREMENT METHOD	RISK MANAGEMENT STRATEGIES
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 – 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.</p> <p>Engagement with our customers and partnering with our communities to deliver outcomes that support liveable and connected communities and enhance the environment, such as 'Let's Talk Water' and our 'Water-Savvy Schools Grants'.</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>Urban Utilities has announced its commitment to achieve net zero greenhouse gas emissions by 2032. To deliver on this commitment, we are making plans to improve our energy efficiency, reduce our carbon emissions, increase our renewable energy and further invest in local offset projects</p> <p>There are no statutory obligations requiring the Authority to reduce GHG emissions.</p>
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 focused 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>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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:

	NOTES	2022				TOTAL
		CURRENT	MORE THAN 30 DAYS PAST DUE	MORE THAN 60 DAYS PAST DUE	MORE THAN 90 DAYS PAST DUE	
		\$'000	\$'000	\$'000	\$'000	\$'000
Gross trade and other receivables	6	113,665	16,452	3,616	26,383	160,116
Provision for impairment	6	(881)	(72)	(238)	(8,531)	(9,722)
Total		112,784	16,380	3,378	17,852	150,394

	NOTES	2021				TOTAL
		CURRENT	MORE THAN 30 DAYS PAST DUE	MORE THAN 60 DAYS PAST DUE	MORE THAN 90 DAYS PAST DUE	
		\$'000	\$'000	\$'000	\$'000	\$'000
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)
Total		125,871	544	2,657	19,763	148,835

The Authority applied the AASB 9 *Financial Instruments* '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 2022. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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. For the table below, all Participant loans are now >5 years.

FINANCIAL LIABILITIES	NOTES	2022 PAYABLE IN			TOTAL
		< 1 YEAR	1-5 YEARS	> 5 YEARS	
		\$'000	\$'000	\$'000	
Trade and other payables	11	61,318	-	-	61,318
QTC working capital facility	15	-	-	-	-
Participant loans	15	-	-	73,215	73,215
QTC client specific pool	15	-	-	2,551,680	2,551,680
		61,318	-	2,624,895	2,686,212

FINANCIAL LIABILITIES	NOTES	2021 PAYABLE IN			TOTAL
		< 1 YEAR	1-5 YEARS	> 5 YEARS	
		\$'000	\$'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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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.

2022	NET CARRYING AMOUNTS	-1%		+1%	
		PROFIT	EQUITY	PROFIT	EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	40,165	(402)	(402)	402	402
QTC working capital facility	-	-	-	-	-
QTC client specific pool	2,551,680	25,517	25,517	(25,517)	(25,517)
Overall effect on profit and equity		25,115	25,115	(25,115)	(25,115)

2021	NET CARRYING AMOUNTS	-1%		+1%	
		PROFIT	EQUITY	PROFIT	EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000
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)
Overall effect on profit and equity		23,682	23,682	(23,682)	(23,682)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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:

	2022	2021 RESTATED*
Funds from operations to net debt ¹ ($\geq 10\%$)	11%	10%
Net debt to fixed assets ² ($\leq 60\%$)	41%	40%
EBITDA Interest Cover ³ ($\geq 2.25x$)	5.2x	4.8x

* Comparatives restated (see Note 1.10).

¹ The funds from operations to net debt measures the Authority's ability to manage its debt obligations.

² Net debt to fixed assets measures the extent to which the Authority's assets are financed by debt.

³ 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 *Leases*, 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

	2022 \$'000	2021 \$'000
Buildings		
Right-of-use asset at 1 July	9,423	14,250
Additions	-	902
Depreciation charge for the year	(5,005)	(5,722)
Provision for restoration adjustment	-	(7)
Right-of-use asset at 30 June	4,418	9,423

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

Lease liability

	2022 \$'000	2021 \$'000
Lease liabilities at 1 July	12,186	18,394
Interest charge for the year	407	680
Increase in lease liability	-	902
Payment of lease liabilities	(6,748)	(7,790)
Lease liabilities at 30 June	5,845	12,186
Current	5,564	6,341
Non-current	281	5,845
	5,845	12,186

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 \$15.2M (2021: \$34.6M) with a corresponding increase in right of use asset.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 *Leases*. The Authority elects to measure the reserve land right-of-use asset related peppercorn lease at cost which is NIL at 30 June 2022 (2021: NIL).

Amounts recognised in the Statement of Comprehensive Income

	2022 \$'000	2021 \$'000
Leases under AASB 16		
Interest expense on lease liabilities	(407)	(680)
Interest income from sub-leasing right-of-use assets	1	10

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 to AASB 16 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. The lease has ended in September 2021.

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 \$159,277 (2021: \$185,729) 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.

	2022 \$'000	2021 \$'000
Operating leases		
Within one year	219	214
One to two years	205	221
Two to three years	193	208
Three to four years	185	196
Four to five years	171	185
More than five years	808	981
Total	1,780	2,005

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

20. COMMITMENTS

Commitments contracted but not recognised as liabilities are as follows:

	2022 \$'000	2021 \$'000
Capital		
Within one year	125,624	109,764
Between one and five years	96,727	87,969
More than five years	-	-
	222,351	197,733
Other		
Within one year	62,581	76,036
Between one and five years	4,175	1,486
More than five years	-	-
	66,456	77,522

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

21. CONTINGENCIES

	2022 \$'000	2021 \$'000
Contingent assets		
Reimbursement of costs associated with damage claim, the maximum exposure is:	1,050	1,269
Contingent liabilities		
Compensation claims associated with subcontractor's charge claim, personal injury and property damage, the maximum exposure of which is:	2,324	3,066

The Authority is not able to predict the likely outcome or reliably estimate the probability of payout of the contingent liabilities as at the reporting date. There are currently 6 appeals (2021: NIL) in the Planning and Environment Court.

In accordance with good practice, Urban Utilities is undertaking a review of its remuneration practices, which may result in amounts being payable to some current and/ or former staff. This is not expected to have a material impact on these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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.

	2022 \$'000	2021 \$'000
Standpipe bonds, security deposits and unclaimed money	3,082	3,262

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*.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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.

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 23 August 2021
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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

23.1 Key executive management personnel (cont'd)

POSITION	RESPONSIBILITIES	CONTRACT CLASSIFICATION AND APPOINTMENT AUTHORITY	DATES APPOINTED TO ROLE
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

23.2 Remuneration

Remuneration for key executive management personnel is determined by the Board and is reviewed on an annual basis, and is based on consideration to performance, market movements and other relevant factors. 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.

An increase of 2.25% (2021: NIL) was applied during the financial year. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

23.2 Remuneration (cont'd)

Total fixed remuneration is calculated on a "total cost" basis by employee as per below:

2022 POSITION	SHORT TERM					TOTAL REMUNERATION ¹ \$'000
	MONETARY BENEFITS ¹ \$'000	NON- MONETARY BENEFITS \$'000	LONG TERM EMPLOYEE BENEFITS \$'000	POST EMPLOYMENT BENEFITS \$'000	TERMINATION BENEFITS \$'000	
Chief Executive Officer	702	3	18	24	-	746
Executive Leader Legal & Risk	369	3	9	24	-	405
Chief Financial Officer	376	3	9	24	-	412
Executive Leader Integrated Solutions	407	3	10	24	-	444
Executive Leader Environmental and Industrial (to 2 July 2021)	3	-	-	-	-	3
Acting Executive Leader Environmental and Industrial (to 3 July 2021 – 22 August 2021)	45	-	-	5	-	50
Executive Leader Environmental and Industrial (from 23 August 2021)	315	3	8	24	-	349
Executive Leader Service Delivery	377	3	9	24	-	413
Chief Experience Officer	345	3	9	24	-	380
Executive Leader Corporate Affairs	288	3	7	24	-	322
Chief Digital and Information Officer	361	3	9	24	-	397
Total remuneration	3,588	26	89	217	-	3,919

¹ Included within the short-term monetary benefits is an amount of \$54,835 relating to performance payments associated with the 2021 financial year. Excluding the performance payments for the 2021 financial year, the total remuneration would be \$3,865k.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

23.2 Remuneration (cont'd)

2021 POSITION	SHORT TERM					TOTAL REMUNERATION' \$'000
	MONETARY BENEFITS' \$'000	NON- MONETARY BENEFITS \$'000	LONG TERM EMPLOYEE BENEFITS \$'000	POST EMPLOYMENT BENEFITS \$'000	TERMINATION 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
Total remuneration	3,395	23	85	188	-	3,691

¹ Included within the short-term monetary benefits is an amount of \$54,835 relating to performance payments associated with the 2021 financial year. Excluding the performance payments for the 2021 financial year, the total remuneration would be \$3,865k.

23.3 Performance payments

The aggregate amount of performance payments made during the financial year was \$54,835 (2021: \$NIL).

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. 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 2023.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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:

	2022 \$'000	2021 \$'000
Bronwyn Morris	121	118
John Cotter ^{1,3}	18	72
Graham Thomsen ¹	72	72
Julie-Anne Schafer ¹	72	72
Kathy Hirschfeld ^{1,4}	37	72
Bruce Leslie ²	-	59
Mark Gray	61	59
Phillip Strachan ¹	64	59
Amanda Cooper ²	61	-
Lucia Cade ³	45	-
	551	584

¹ Additional monthly rate of \$986 (2021: \$969) was paid to Committee Chairs.

² Bruce Leslie's term ended on 30 June 2021. Amanda Cooper was appointed effective from 1 July 2021.

³ John Cotter's term ended on 30 September 2021. Lucia Cade was appointed effective from 1 October 2021.

⁴ Kathy Hirschfeld's term ended on 31 December 2021. Gerard Pender was appointed effective from 1 July 2022.

A CPI increase of 1.75% (2021: NIL) was applied during the financial year and monthly rates set at \$9,171 (2021: \$9,014) for the Board Chairperson and \$4,586 (2021: \$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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue												
Utility charges	6,161	6,457	2,767	3,314	294	348	276	266	301	295	9,799	10,680
Total revenue	6,161	6,457	2,767	3,314	294	348	276	266	301	295	9,799	10,680
Expenses												
Supplies and services	221	410	17	14	26	9	21	0	-	-	285	432
Finance and borrowing costs	-	-	-	-	563	622	561	619	923	822	2,047	2,062
Participation returns	127,511	135,161	18,333	19,433	1,355	1,436	1,563	1,657	1,239	1,313	150,000	159,000
Taxation equivalents	78,039	71,366	11,220	10,261	829	758	957	875	758	693	91,803	83,953
Total expenses	205,771	206,937	29,570	29,708	2,772	2,825	3,101	3,151	2,921	2,829	244,135	245,447
Receivables												
Utility charges	1,648	1,043	639	534	158	135	81	38	81	54	2,606	1,803
Income tax equivalents	-	3,697	-	531	-	39	-	45	-	36	-	4,350
Other	709	354	10	17	2	1	1	1	-	-	722	373
Total receivables	2,357	5,093	649	1,082	159	175	82	84	81	90	3,327	6,526
Payables												
Finance and borrowing costs	-	-	-	-	47	52	47	52	77	80	171	183
Participation returns	63,755	67,581	9,167	9,716	677	718	782	828	620	657	75,000	79,500
Other payables	1,086	7	-	6	1	-	0	-	18	-	1,104	13
Taxation equivalents payable	20,210	7,380	2,906	1,061	215	78	248	90	196	72	23,775	8,682
Total payables	85,051	74,968	12,072	10,784	939	848	1,076	970	910	808	100,050	88,379
Borrowings												
Loans	-	-	-	-	14,736	14,736	14,676	14,676	43,803	43,804	73,215	73,215
Total borrowings	-	-	-	-	14,736	14,736	14,676	14,676	43,803	43,804	73,215	73,215

Amounts owing are unsecured and are expected to be settled in cash. These transactions were carried out under normal commercial terms.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

25. FINANCIAL SUSTAINABILITY

The Authority seeks to ensure it remains financially sustainable by ensuring that we can meet our financial obligations both current and future, managing and operating our water and sewerage infrastructure in order to meet our customer service obligations, environmental licence conditions and requirements for water quality, and by working to deliver our services to our customers at the lowest cost.

The following ratios reflect measures of financial sustainability and enable comparison with other water sector entities:

- (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 – Capital expenditure on construction or replacement of non-current assets divided by depreciation expense on non-current assets. 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 – Total loans and borrowings divided by total revenue. 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:

	2022	2021 RESTATED ¹
Operating ratio	22%	23%
Capital replenishment ratio	x 1.64	x 2.07
Debt to revenue ratio	181%	173%

¹ Comparatives restated (see Note 1.10).

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

27. NEW AND REVISED ACCOUNTING STANDARDS

At the date of authorisation of the financial report, the following Australian accounting standards and interpretations have been issued but were not yet effective as at 30 June 2022. The Authority does not plan to early adopt any standards or interpretations:

STANDARD/ INTERPRETATION	APPLICATION DATE FOR AUTHORITY
<i>AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments</i>	1 July 2022
<i>AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date</i>	1 July 2022
<i>AASB 2021-7a Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 And Editorial Corrections</i>	1 July 2022
<i>AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i>	1 July 2023
<i>AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</i>	1 July 2023
<i>AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 July 2023
<i>AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards</i>	1 July 2023
<i>AASB 2021-7b Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 And Editorial Corrections</i>	1 July 2023
<i>AASB 2021-7c Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 And Editorial Corrections</i>	1 July 2025

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.

CERTIFICATE OF THE CENTRAL SEQ DISTRIBUTOR-RETAILER AUTHORITY

For the year ended 30 June 2022

These general purpose financial statements have been prepared pursuant to section 62 (1) of the *Financial Accountability Act 2009* (the Act), section 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; and
- (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 2022 and of the financial position of the Authority at the end of that year; and

We acknowledge responsibility under section 7 and section 11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



Bronwyn Morris AM
BCom, FCA, FAICD
Board Chair



Louise Dudley
BCom, CA, GAICD, CompIEAustEngExec
Chief Executive Officer



Ruth Coulson
BCom, CA, GAICD
Chief Financial Officer

Date: 22 August 2022

Date: 22 August 2022

Date: 22 August 2022



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 2022, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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 2022:

- a) I received all the information and explanations I required.
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the 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 Stemmett", with a long horizontal line extending to the right.

Vaughan Stemmett
as delegate of the Auditor-General

22 August 2022

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

7 September 2022

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 2021/22 Annual Report

I am pleased to present the Annual Report 2021/22 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 144 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	ANNUAL REPORT REFERENCE
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister/s 	ARRs – section 7	Page 143
Accessibility	<ul style="list-style-type: none"> Table of contents Glossary 	ARRs – section 9.1	Page 3 Page 146
	<ul style="list-style-type: none"> Public availability 	ARRs – section 9.2	Page 2
	<ul style="list-style-type: none"> Interpreter service statement 	Queensland Government Language Services Policy ARRs – section 9.3	
	<ul style="list-style-type: none"> Copyright notice 	Copyright Act 1968 ARRs – section 9.4	
	<ul style="list-style-type: none"> Information Licensing 	QGEA – Information Licensing ARRs – section 9.5	
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs – section 10	Page 10
Non-financial performance	<ul style="list-style-type: none"> Government's objectives for the community and whole-of-government plans/specific initiatives 	ARRs – section 11.1	Not applicable
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 11.2	Page 14-43
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs – section 11.3	Page 23-24
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 12.1	Page 67-70
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 13.1	Page 45
	<ul style="list-style-type: none"> Executive management 	ARRs – section 13.2	Page 47-57
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs – section 13.3	Not applicable
	<ul style="list-style-type: none"> Public Sector Ethics 	Public Sector Ethics Act 1994 ARRs – section 13.4	Page 17
	<ul style="list-style-type: none"> Human Rights 	Human Rights Act 2019 ARRs – section 13.5	Page 64
	<ul style="list-style-type: none"> Queensland public service values 	ARRs – section 13.6	Not applicable

SUMMARY OF REQUIREMENT		BASIS FOR REQUIREMENT	ANNUAL REPORT REFERENCE
Governance – risk management and accountability	• Risk management	ARRs – section 14.1	Page 63
	• Audit committee	ARRs – section 14.2	Page 51
	• Internal audit	ARRs – section 14.3	Page 63
	• External scrutiny	ARRs – section 14.4	Page 63
	• Information systems and recordkeeping	ARRs – section 14.5	Page 65
	• Information Security attestation	ARRs – section 14.6	Not applicable
Governance – human resources	• Strategic workforce planning and performance	ARRs – section 15.1	Page 17-19
	• Early retirement, redundancy and retrenchment	Directive No.04/18 Early Retirement, Redundancy and Retrenchment ARRs – section 15.2	Not applicable
Open Data	• Statement advising publication of information	ARRs – section 16	Page 66
	• Consultancies	ARRs – section 31.1	https://data.qld.gov.au
	• Overseas travel	ARRs – section 31.2	https://data.qld.gov.au
	• Queensland Language Services Policy	ARRs – section 31.3	https://data.qld.gov.au
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	Page 139
	• Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	Page 140

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*.

PRW

Purified Recycled Water

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.

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 wastewater (human waste),
3. stormwater.

Some trade waste cannot be accepted at wastewater treatment plants and must be disposed of through special facilities.

Wastewater

Material transported in a wastewater system. Wastewater 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.

Wastewater network

The pipes and channels, including all trunk, pressure and reticulation pipes, via which wastewater is transported from its point of origin (e.g. house or business) to a point of treatment and/or disposal.

APPENDICES

INDEX TO ANNUAL REPORT CONTENT

A		O	
Audit	35, 51, 53, 63, 64, 71, 73	Overseas travel	66
B		P	
Board	5, 10, 44, 45, 47-53	Pricing	6, 8, 22, 31, 41, 47, 51
Brisbane City Council	10, 25, 38, 46	Procurement	45, 52, 58, 64
C		Q	
Chair, Bronwyn Morris	4, 5, 47, 48, 51-53	Queensland Audit Office	63, 64
Chief Executive Officer, Louise Dudley	5-7, 54	Queensland Competition Authority	63
Code of Conduct	17, 64	R	
Commercial customers	10, 29, 37	Records management	65
Corporate Plan	See Statement of Strategic Intent	Recruitment	18, 40
COVID-19	7, 8, 15, 26, 68, 69	Regulators	12, 28, 41
Customer Service Standards	23-24, 30	Research and Development	6, 8, 12, 22, 30, 35
D		Risk	28, 29, 30, 41, 45, 51, 53, 57, 62-66
Developers	12, 29, 30, 67-69	S	
Department of Regional Development, Manufacturing and Water	12	Safety	18, 19, 20, 45, 51, 57, 62
Diversity	17, 18	Scenic Rim Regional Council	10, 26, 46
Drinking water	13, 23, 28	Seqwater	6, 12, 28, 69
Drought	4, 6, 34, 57	Shareholders	2, 5, 10, 12, 14, 35, 45, 46, 47, 62, 65
E		Somerset Regional Council	10, 26, 46
Enterprise Agreements	17	Strategic direction	11, 14-43, 44, 59, 61
Environment	9, 11, 14, 27-29, 32-35, 42	Strategic goals	11, 14, 40-43, 61, 62
Executive Leadership Team	55-57	Statement of Strategic Intent	40, 59, 61
F		V	
Fair Work Act 2009 (Cth)	40	Values	1, 8, 11, 15, 18
Flood	4, 9, 29, 32, 34-38, 67	Vision	see Strategic direction
I		W	
Innovation	7, 37	Wastewater	4, 8, 10, 13, 14, 25-29, 35, 37, 38
Ipswich City Council	10, 25, 26, 46	Water quality	13, 23, 28, 65
L		Workforce	16-18
Lockyer Valley Regional Council	10, 26, 46		

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UrbanUtilities

FOR MORE INFORMATION VISIT:

urbanutilities.com.au
or call 13 26 57

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