



GLADSTONE AREA WATER BOARD

Annual Report

2021-22

www.gawb.qld.gov.au



**Gladstone Area
Water Board**

About this report

THIS ANNUAL REPORT PROVIDES DETAILS OF GLADSTONE AREA WATER BOARD (GAWB)'S ACHIEVEMENTS FOR 2021-22, INCLUDING THE PROGRESS WE HAVE MADE TOWARDS ACCOMPLISHING OUR STRATEGIC OBJECTIVES, AND THE EXTENT TO WHICH WE HAVE MET OR EXCEEDED OUR FINANCIAL AND NON-FINANCIAL PERFORMANCE KEY PERFORMANCE INDICATORS.

It aims to meet the needs of a variety of stakeholders, including the Minister for Regional Development and Manufacturing and Minister for Water (Minister), Queensland Parliament, other Government agencies, customers and community members, by providing relevant information about our activities, which aim to deliver safe and reliable water services to enhance the liveability of our region.

This annual report complies with the following Queensland legislation and Government guidelines:

- *Water Act 2000*
- *Financial Accountability Act 2009*
- *Financial and Performance Management Standard 2019*
- *Annual Report Requirements for Queensland Government Agencies.*

An electronic copy of the annual report is available on our website: www.gawb.qld.gov.au/publications.

GAWB appreciates feedback from readers of the annual report. Please contact our Company Secretary on (07) 4976 3000 or email gawb@gawb.qld.gov.au.

GAWB is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, please contact us and we will arrange an interpreter to effectively communicate the report to you.



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ACKNOWLEDGEMENT OF COUNTRY

The Gladstone Area Water Board proudly acknowledges the Byellee, Gooreng Gooreng, Gurang and Taribelang Bunda people as the Traditional Custodians of the Gladstone Region. We pay our respects to Elders past and present, and recognise the ongoing connection of Aboriginal and Torres Strait Islander peoples to the land and water on which we rely.

Letter of compliance

7 October 2022

The Honourable Glenn Butcher MP
Minister for Regional Development and Manufacturing and Minister for Water
PO Box 15216
CITY EAST QLD 4002

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2021-2022 and financial statements for Gladstone Area Water Board.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2019*,
- the detailed requirements set out in the Annual Report Requirements for Queensland Government Agencies, and
- the *Water Act 2000*.

A checklist outlining the annual reporting requirements is provided at page 71.

Yours sincerely



Maxine Brushe
Chair

Table of contents

About us	5
A message from the Chair	7
A message from the CEO	8
Our performance	9
Our strategic objectives	12
Strategic objective: safe, resilient and reliable water supply	13
Strategic objective: high customer and community satisfaction	16
Strategic objective: skilled and responsive workforce	18
Strategic objective: operational sustainability	21
Governance	23
Financial performance	32
Financial statements	33
Management certification of the financial statements	67
Independent auditor's report	68
Appendix 1 – government body summary	70
Appendix 2 – compliance checklist	71
Glossary	73

About us

GLADSTONE AREA WATER BOARD (GAWB) IS A STATUTORY AUTHORITY, DELIVERING HIGH PRIORITY BULK WATER TO CUSTOMERS IN CENTRAL QUEENSLAND 24 HOURS A DAY, 7 DAYS A WEEK.

Our history

GAWB was established in 1973 as a Project Board under the *State and Regional Planning and Development, Public Works Organisation and Environmental Control Act 1971-73* (Qld). On 1 October 2000, GAWB commenced operations as a Category 1 Water Authority under the *Water Act 2000* (Qld) (Water Act) and on 1 July 2008, GAWB became a registered service provider under the *Water Supply (Safety and Reliability) Act 2008* (Qld).

Our purpose and responsibilities

GAWB owns and operates Awoonga Dam on the Boyne River, along with a network of delivery pipelines, water treatment plants and other bulk water infrastructure required to service our customer base. We play an important role in the region and contribute to the economic growth and prosperity of the State by providing one of the essential inputs, water, to a number of large multi-billion dollar industries that are located in Gladstone.

Our core responsibilities are:

- **supply bulk water services:** to provide both raw (high reliability 24/7 continuous flow) and treated water to industries located in the Gladstone region and to the Gladstone Regional Council
- **water treatment:** to collect, treat and distribute drinking water in accordance with the Australian Drinking Water Guidelines set by the National Health and Medical Research Guidelines
- **catchment management:** to manage the impact of land and public use activities around Lake Awoonga as they have the potential to impact public health and water quality

- **fish stocking and monitoring:** to breed and release barramundi, mangrove jack and sea mullet fingerlings into Lake Awoonga, in accordance with our regulatory obligations.

In addition to our core responsibilities, as a regional employer, we also strive to enhance the liveability of the region through the provision of recreational facilities and by supporting a variety of community events during the year.

Snapshot of our assets

We have more than \$1.2 billion of assets (replacement value), including:

- Awoonga Dam and associated infrastructure
- Recreational facilities, including a bush camp located on the shore of Lake Awoonga
- Hatchery facility
- 226km of water pipelines comprised of:
 - 94km of raw water pipelines
 - 132km of treated water pipelines
- 10 pump stations
- 16 water reservoirs comprised of:
 - 11 treated water reservoirs
 - 5 raw water reservoirs
- two water treatment plants.

About us

Our regulatory environment

GAWB's bulk water prices are reviewed every 5 years by the Queensland Competition Authority (QCA) as we are a declared monopoly business pursuant to the *Queensland Competition Authority Act 1997* (Qld). GAWB's prices were set on 1 July 2020, following conclusion of the QCA's price monitoring review that was undertaken during 2019-20.

Our vision

Together delivering safe and reliable water services to enhance the liveability of our region.

Our mission

We are a leading water provider that supports our customers, community and people. We provide an essential service that promotes economic development and enhances the lifestyle of regional Queensland.

Our values



ONE TEAM

We Work Together. Always.



ENGAGE

We All Contribute. Openly.



SAFETY & WELLBEING

We Look After Ourselves. And Each Other.



ACCOUNTABLE

We Deliver. You and I.

A message from the Chair

ON BEHALF OF THE BOARD OF DIRECTORS (BOARD), I AM PLEASED TO PRESENT THE ANNUAL REPORT FOR GLADSTONE AREA WATER BOARD (GAWB) FOR 2021-22.

Our theme for this year was 'elevate and evolve', two words which describe our current business transformation journey.

Led by our Executive Leadership Team, the organisation has fully embraced that theme to respond to the unique opportunities and challenges we face as the Gladstone region's sole bulk water provider.

This report highlights our progress against the four objectives outlined within our 2020-2025 Strategic Plan.

Guided by our core values, and with this theme in mind, we have made exceptional progress against our commitments to our customers, community and the State.

Objective 1: Safe, resilient and reliable water supply

Long-term water security is a fundamental issue for our customers and local community members, many of whom are employed by our region's large industrial customer base.

The Low Supply Alert first declared in April 2021 remains in place despite recording inflows in November and early December 2021.

Importantly, GAWB was named Delivery Management Proponent for Fitzroy to Gladstone Pipeline (FGP) project pre-construction activities in August 2021. If an investment decision is confirmed by the Queensland Government, the FGP has the potential to improve water security for current customers and support the emerging hydrogen industry in the Gladstone region.

In addition to the FGP project, GAWB is also investigating other potential water supply options to improve water security for the region.

Objective 2: High customer and community satisfaction

Our mission is to be a leading water provider that supports our customers, community and people and improves the liveability of our region.

Implementation of the Lake Awoonga Recreational Strategy continued during 2021-22, with the completion of refurbishment works at Lake Awoonga lookouts one and two. Progress was also made on the introduction of area zoning on the lake.

In June 2022, GAWB launched 'Our Water', a dedicated community education campaign which aims to raise

awareness and improve water literacy in the Gladstone region. This campaign was developed as part of our response to the Low Supply Alert declaration.

Objective 3: Skilled and responsive workforce

Development of the Step-Up Leadership program, a 3-year organisational leadership development program continued this year. The Step-Up program will help our employees elevate their leadership capability and play an active role in shaping GAWB, now and into the future. This investment is a key component of our culture journey and will aid the ongoing retention of a skilled and capable local workforce.

Objective 4: Operational Sustainability

GAWB is committed to reducing carbon emissions and responding to climate change risk and has developed a Climate Change Framework, which includes a Climate Change Policy, Strategy and Action Plan. Our plan includes actions focused on limiting the extent of climate change impact as well as adapting our operational activities to a range of possible future climate scenarios that may occur.

Financial performance

Finally, I am proud to report that GAWB has performed exceptionally well for the year, with a Net Profit After Tax of \$12.68 million. This will enable us to help support the State economy by returning a significant dividend to the Queensland Government and continue to meet the needs of our customers and stakeholders.

Acknowledgements

On behalf of the Board, I would like to thank the Chief Executive Officer, Executive Leadership Team and employees for their hard work, professionalism and dedication. We would also like to acknowledge our responsible Minister, the Hon. Glenn Butcher MP, Minister for Regional Development and Manufacturing and Water and his department for their ongoing support and engagement throughout the year.



Maxine Brushe
Chair

A message from the CEO

OUR THEME FOR 2021-22 WAS ELEVATE AND EVOLVE.

These words characterise our efforts to build and develop a workforce and organisation that is well-prepared for the challenges and opportunities presented to us now and into the future.

Our team made excellent progress against our key strategic objectives, business improvement initiatives and operational goals this year.

Aquaculture Gladstone

In April 2022, we established Aquaculture Gladstone, repositioning our fish stocking program and hatchery operations as an independent Business Unit within the organisation. This reconfiguration supports the evolution of the \$11.8 million Hatchery Relocation Project, which was completed this year.

The Aquaculture Gladstone team is accountable for the continued reliability of GAWB's hatchery and fishery assets and will also explore potential commercial opportunities within Queensland's growing aquaculture industry.

People & Culture

During 2021-22 our people and culture team focused on improving the organisation's capability profile by embedding our Performance Management Framework as a business-as-usual activity.

Alongside the ongoing development of the Step-Up Leadership Program, other key focus areas included the creation of a Diversity and Inclusion Policy and development of an Internal Communications Strategy.

Advancement of the water security strategy

GAWB worked closely with the Department of Regional Development and Manufacturing and Water (DRDMW) throughout the year to advance the Water Security Strategy (WSS) and secure a second source of water supply to improve water security for our existing industrial customers and the Gladstone community.

In August 2021, GAWB was appointed Delivery Management Proponent for the purposes of early contractor engagement and pre-construction activities for the Fitzroy to Gladstone Pipeline Project. More information on FGP pre-construction activities can be found on page 14.

Risk management enhancement project

GAWB's enterprise-wide approach to risk management was identified as a key business improvement initiative. The objective of this project was to embed a contemporary

risk management framework that fosters of culture where risk management is recognised as the responsibility of every employee. As part of this initiative, implementation of an integrated and intelligent software solution that supports business maturity in the areas of risk, audit, compliance and safety has begun.

Capital works program

Many of our capital projects experienced supply chain constraints in 2021-22, as well as travel restrictions associated with COVID-19. Despite these challenges, several multi-year significant capital projects were completed during the year. This included the following:

- the new hatchery facility at Awoonga Dam (total project value: \$11.738 million)
- Awoonga Dam conduit inspection (total project value: \$1.456 million)
- Pikes Crossing Emergency Muster Point (total project value: \$1.623 million)
- connection to Gladstone Regional Council's Kirkwood Reservoir (total project value: \$5.891 million).

Our focus for 2022-23

With a Low Supply Alert still in place and an evolving customer base to manage, water security, operational sustainability and reliability of supply continues to be our driver.

We will continue to support the Queensland Government's efforts to investigate a second source of supply for the Gladstone region.

We are now four years into our business transformation journey, and I am confident our team is well prepared and ready to respond to the challenges and opportunities presented to us. This journey represents tangible, long term benefit for our customers and the Gladstone region.

In 2023, GAWB will celebrate 50 years of providing safe and reliable water services that support our customers, community and people. We look forward to recognising and celebrating this important milestone with our employees, customers, community and key stakeholders.



Darren Barlow
Chief Executive Officer

Our performance

Key performance indicators

KEY PERFORMANCE INDICATOR	TARGET	ACTUAL	ACHIEVED / NOT ACHIEVED
Financial			
Earnings Before Interest & Tax (EBIT)	\$15.14M	\$22.37M	✓
Net Profit After Tax (NPAT)	\$6.50M	\$12.68M	✓
Return on Assets (ROA)	1.94%	2.85%	✓
Actual operating expenditure versus Budget	<100%	87%	✓
EBIT Interest cover	2.58	5.26	✓
Funds Flow Interest cover	5.68	6.62	✓
Funds Flow to Total Debt cover ¹	11.26%	9.66%	✗
Balance Sheet gearing (capital structure)	36.64%	34.54%	✓
Cash cover (months)	9.38	32.31	✓
Capital expenditure	\$24.85M	\$28.89M	✓
QTC Covenant EBITDA Interest Coverage ≥ 3	6.19	9.97	✓
QTC Covenant Debt / EBITDA <8.25	6.87	5.88	✓
Non-Financial			
System water losses:			
- Raw water network	<6%	4.86%	✓
- Potable water network	<3%	1.39%	✓
Compliance with Drinking Water Quality Management Plan	100%	100%	✓
Lost Time Injuries (Workers)	≤ 2	2	✓
Notifiable safety incidents or events ²	≤ 2	3	✗
Compliance with Dam Safety Conditions (DSC) issued by the Regulator	100%	100%	✓
Environmental compliance breaches	Nil	Nil	✓
Staff retention rate ³	>85%	77.6%	✗
Compliance with emergency preparedness	100%	100%	✓

1. Reduction in ratio due to higher tax paid than budgeted.

2. The occurrence of any incident, notifiable or not, is taken seriously by GAWB. Each of these incidents were investigated so that we could identify opportunities to improve our processes and controls and prevent a similar event occurring again in the future. Notably, no action has been taken by Workplace Health and Safety in relation to any of the notifiable incidents.

3. This is the second year that GAWB has fallen below the relevant staff retention rate. This is attributable to a number of factors including the competitive labour market, the retirement of several employees and the continuation of our transition to become a high-performing, customer centric water utility.

Our performance

Key business improvement initiatives

Advancement of the Water Security Strategy

GAWB worked closely with the Department of Regional Development, Manufacturing and Water (DRDMW) throughout the year to advance the Water Security Strategy (WSS) and secure a second source of water supply to improve water security for our existing industrial customers and the Gladstone community. The lower Fitzroy River is GAWB's preferred second source of supply, due to the complimentary hydrological characteristics when compared to the Boyne River. The Fitzroy to Gladstone Pipeline (FGP) is the proposed mechanism for transferring water from the lower Fitzroy River.

Activities relating to the FGP, undertaken by DRDMW and supported by GAWB, include the:

- completion of a Detailed Assessment in October 2021
- commencement of Options Assessment to investigate water needs for emerging industries in Central Queensland.

In August 2021 GAWB was appointed by the Minister as the Delivery Management Proponent for the purposes of early contractor engagement and pre-construction activities for the FGP. Page 14 of this report contains additional information about the activities that have been undertaken as the Delivery Management Proponent.

STATUS – Achieved.

Risk management enhancement project

The project to implement an enterprise-wide approach to manage risk in an integrated, systematic and practical manner continued during 2021-22.

Activities included:

- implementation of our new risk operating model
- enhancing our risk management framework through the development of a Risk Management Standard and a Risk Assessment Procedure
- commencement of in-house risk management training
- an options analysis of our governance, risk and compliance (GRC) software and commencement of a standalone project to implement a new integrated and intelligent software solution to support the increased maturity of the business in the areas of risk, audit, compliance and safety.

See page 30 for additional information about our risk management framework.

STATUS – Achieved.

Implementation of revised project management framework

The implementation of GAWB's revised project management framework (PMF) experienced challenges due to resource constraints. A revised implementation approach was developed, resulting in a pilot program being undertaken in 2021-22. The pilot program involved a dynamic approach with adjustments being made in a live project environment. A review has been undertaken of the pilot program, the outcomes of which will be used to inform the implementation process for the PMF which will occur throughout 2022-23.

STATUS – Partially achieved.

Implementation of the Lake Awoonga Recreational Strategy

The implementation of the Master Plan associated with the Lake Awoonga Recreational Strategy was disrupted

during the year due to COVID-19 supply chain issues and challenging market conditions. Key activities planned for completion during 2021-22 included the construction of a boat ramp at Boynedale Bush camp, installation of interpretative signage at our recreational areas and signage of our walking trail at Lake Awoonga. Following a review of our procurement strategy, these activities will now be completed during 2022-23.

Refurbishment works at lookouts one and two at Lake Awoonga were completed and progress was made on the introduction of area zoning on the lake through the submission of an application with Maritime Safety Queensland (MSQ). A decision from MSQ is expected by the end of 2022, which will also enable GAWB to progress the installation of loading pontoons and swimming pontoons at Lake Awoonga. See page 17 of this report for additional information about other initiatives that form part of the Lake Awoonga Recreational Strategy.

STATUS – Partially achieved.

Enhancement of our Asset Management System

A significant focus for our Network team during 2021-22 was to enhance the quality of data and information contained in our asset management system, TechnologyOne. This included a comprehensive data review and cleansing process. We also aligning our geographic information system with our asset management system. Planning is currently underway to undertake a system upgrade to TechnologyOne Ci Anywhere. This was originally planned to be completed as part of the 2021-22 program of works, however this is a significant undertaking for GAWB and will require engagement

of specialist external resources and an extended timeframe to successfully complete the transition.

See page 14 for additional information about our asset management system.

STATUS – Partially achieved.

Implementation of our Leadership Development Program

The success of GAWB's Culture Strategy is underpinned by a skilled and capable leadership team that can support the business in its transition into a high-performing, results driven water utility. Our bespoke leadership development program will target each of GAWB's four 4 culture levers which are quality leadership, dynamic organisational capabilities, results driven performance and customer centricity. Implementation will be undertaken in stages, to provide leaders with the opportunity to apply and embed learnings as they move through the program.

Whilst the design and implementation of the program was envisaged to be completed during 2021-22, it was of fundamental importance to ensure the design of the program met GAWB's needs. As such, implementation will now occur during 2022-23.

STATUS - Partially achieved.

Our strategic objectives

GAWB's 2020 - 2025 Strategic Plan contains four strategic objectives to help us deliver on our vision. Our strategic objectives and key strategies will guide our activities over the medium term. It will enable us to ensure our continued ability to deliver high priority water to our customers, attract and retain employees who support our values and continue to provide benefit to our local community through enhanced recreational facilities and tourism opportunities.

Our areas of focus

STRATEGIC OBJECTIVE

Safe, resilient and reliable water supply

Key strategies:

- Assess medium to long term future demand scenarios to ensure we can meet future consumption needs
- Maintain effective catchment management to ensure good raw water quality
- Effective asset management to optimise value and performance, with reliable water treatment and distribution
- Continuously deliver water that meets quality standards
- Promote water efficiency among our customers and community
- Investigate alternative water supply options to develop greater flexibility and resilience
- Maintain dam safety requirements.

STRATEGIC OBJECTIVE

High customer and community satisfaction

Key strategies:

- Assess medium to long term future demand scenarios to ensure we can meet future consumption needs
- Maintain effective catchment management to ensure good raw water quality
- Effective asset management to optimise value and performance, with reliable water treatment and distribution
- Continuously deliver water that meets quality standards
- Promote water efficiency among our customers and community
- Investigate alternative water supply options to develop greater flexibility and resilience
- Maintain dam safety requirements.

STRATEGIC OBJECTIVE

Skilled and responsive workforce

Key strategies:

- Continuously improve our safety management system to ensure the welfare of our employees, contractors and visitors
- Continue to foster a positive workplace culture consistent with our values
- Continue to reward, retain and attract new talent, while valuing diversity and inclusion
- Provide a comprehensive training and professional development program to build the skills we need now, and into the future
- Identify further opportunities for local apprentices, trainees and internships.

STRATEGIC OBJECTIVE

Operational sustainability

Key strategies:

- Further quantify and respond to climate change impacts on our assets and operations
- Investigate and implement renewable energy initiatives to reduce our carbon footprint
- Reduce exposure to operational and strategic risks and pursue opportunities to enhance our performance
- Sustain strong commercial performance through prudent and efficient use of resources
- Enhance capital forecasting to guide future investment and build value
- Ongoing application of technology, systems and other innovation to drive reliability and efficiency.

Our strategic objectives align with the Queensland Government's objectives built around Unite and Recover – Queensland's Economic Recovery Plan through:

- supporting jobs in regional Queensland
- investing in projects that improve our resilience and aim to encourage and support the emerging hydrogen industry
- our focus on reducing our carbon footprint to protect and enhance our natural environment.

Strategic Objective

Safe, resilient and reliable water supply

Water availability

At full capacity, Lake Awoonga can hold 776,854 ML. It is Queensland's fourth largest water storage. As at 30 June 2022, the capacity of Lake Awoonga was 61.5 per cent, or 477,807ML.

On 7 April 2021, a declaration and notice of Low Supply Alert was issued in accordance with our Drought Management Plan. The declaration of a Low Supply Alert indicates that the storage level at Lake Awoonga has reached a 60-month timeframe from failure. While the Low Supply Alert does not impose any restriction on customers in terms of their water consumption, it is a significant step that signals to customers, and to the broader Gladstone community, that a change in behaviour is warranted to prevent the escalation into water restrictions.

In April 2022, GAWB reconducted drought modelling to determine whether the Low Supply Alert should be amended. That modelling indicated the Low Supply Alert should remain in effect. The retention of the current status is primarily due to inflows experienced in November and early December 2021, which brought the level of Lake Awoonga back to a comparable level at the time of declaring the Low Supply Alert.

Inflows into Lake Awoonga over the past 10 years comprise as follows:

Reporting period	Sum of inflows received (ML)
July 2012 – June 2013	1,747,616
July 2013 – June 2014	70,270
July 2014 – June 2015	256,002
July 2015 – June 2016	85,671
July 2016 – June 2017	244,927
July 2017 – June 2018	340,967
July 2018 – June 2019	8,523
July 2019 – June 2020	5,439
July 2020 – June 2021	5,305
July 2021 – June 2022	131,040

Water delivery

During 2021-22, GAWB delivered 32,857 ML of raw water and 10,411 ML of treated water to customers.

Long-term security of supply

Water security is a fundamental issue for current and future potential customers as Awoonga Dam is currently the sole source of supply for the Gladstone region. In addition to progressing activities as the Delivery Management Proponent for pre-construction activities for the Fitzroy to Gladstone Pipeline Project, GAWB is also investigating other potential water supply options to improve water security.

Fitzroy to Gladstone Pipeline project

The Fitzroy to Gladstone Pipeline (FGP) project comprises of a 116km pipeline, water treatment plant, reservoirs and pumping stations. If an investment decision is confirmed by the Queensland Government, the FGP has the potential to improve water security for current customers and also support the emerging hydrogen industry in the Gladstone region.

GAWB, since its appointment as the Delivery Management Proponent for pre-construction activities for the FGP in August 2021, has undertaken the following activities:

- Development and Approval of FGP Project Plan (August 2021)
- Released a Request for Tender for Owner's Engineer and Transaction Advisor roles (September 2021)
- Conducted an industry briefing to the construction market (October 2021)
- Achieved a seven year extension of time to the Environment Protection and Biodiversity Conservation Act 1999 (Cth) approval issued by the Commonwealth Government (October 2021)
- Appointment of Owner's Engineer and Transaction Advisor (November 2021)
- Released an Expression of Interest (EOI) for the construction of the FGP (January 2022)
- Conducted a Local Industry briefing in Gladstone (January 2022)
- Evaluation of Construction EOI tenders and selection of preferred Early Contractor Involvement (ECI) participants (February 2022)
- Execution of ECI agreements (March 2022)
- Conducted a 12-week interactive phase with ECI proponents concluding with the submission of offers (June 2022)
- Commenced evaluation of offers with the selection of a preferred contractor anticipated for early October 2022.

Meeting quality standards

Ensuring our customers and the community receive treated water in accordance with the National Health and Medical Research Council's Australian Drinking Water Guidelines (2011) is a fundamental priority for GAWB. During 2021-22, GAWB reported 100% compliance with our Drinking Water Quality Management Plan (DWQMP). During the year, we also undertook a comprehensive review of our DWQMP to improve its readability and application.

Catchment management

GAWB has continued to implement the activities captured within our Catchment Management Plan and 5-Year Catchment Management Action Plan to minimise the environmental impacts and water quality risk to the Lake Awoonga Catchment Area, while meeting our obligations under the *Biosecurity Act 2014* (Qld).

Gladstone played host to the Parks and Leisure Australia Queensland 2022 Region Conference in May 2022. As part of that conference, GAWB was invited to deliver a presentation to a delegate's workshop on the deployment of drones for land management with an operations and planning focus on pest and weed management identification and data collection.

Asset management

As the owner and operator of critical infrastructure, GAWB has the obligation to demonstrate prudence and efficiency to the Queensland Competition Authority. Our approach to asset management focuses on integrating core business functions to optimise performance and minimise the cost of ownership throughout the lifecycle of an asset. In 2016, GAWB was the first water service in Australia to gain International Organisation for Standardisation (ISO) certification for our asset management system. In April 2022, our asset management system underwent external certification, which confirmed our ongoing ISO 55001:2014 accreditation.

Dam safety activities

GAWB implements a comprehensive dam safety management program in accordance with the *Water Supply (Safety and Reliability) Act 2008* and Dam Safety Conditions Schedule for Awoonga Dam (2021) issued by the Department of Regional Development, Manufacturing and Water (DRDMW), the Queensland Dam Safety Regulator.

GAWB also maintains an Emergency Action Plan for Awoonga Dam in accordance with *Water Supply (Safety and Reliability) Act 2008*. The Emergency Action Plan is reviewed on an annual basis and renewed every 5 years.

The following guidelines are also used in the implementation of the dam safety management program:

- Queensland Dam Safety Management Guidelines (2020)
- Queensland Guidelines for Failure Impact Assessment of Water Dams (2018)
- Queensland Guidelines on Safety Assessments for Referable Dams (2021)
- Queensland Emergency Action Plan for Referable Dam Guideline (2021)
- ANCOLD Guidelines on Dam Safety Management (2003).

During 2021-22, GAWB completed a 20-year dam safety review for Awoonga Dam. A dam safety review is a procedure for systematically assessing the safety of a dam after its original construction and includes a fresh engineering assessment of all elements. The dam safety review observed that Awoonga Dam has generally continued to perform as expected, with monitoring and surveillance activities being undertaken in compliance with regulatory requirements.

GAWB has also commenced planning activities to upgrade the spillway capacity of Awoonga Dam. This is a multi-year project to comply with the regulatory requirements for the dam and will be completed by 1 October 2025.

Strategic Objective

High customer and community satisfaction

Customer engagement

In line with GAWB's commitment to transition to a customer centric culture, we have continued to actively engage with our customers throughout 2021-22. The intention of these interactions is to build on GAWB's current understanding of customer preferences and lead to the delivery of services that reflect current and future customer requirements.

As part of this engagement process, GAWB provided all customers with the opportunity to meet to discuss GAWB's performance over the 2021-22 period against key deliverables set during the 2020-2025 Queensland Competition Authority (QCA)'s price monitoring review. These meetings also provided customers with the opportunity to raise with GAWB any technical or commercial issues. This annual customer update is a significant part of GAWB's strategy to provide continual engagement opportunities with our customers. Pleasingly, most of GAWB's customers took up this opportunity.

Community engagement

In 2021-22, our community engagement efforts centred on raising the profile of water conservation in the Gladstone region. The 'Our Water' integrated marketing communications campaign employed a variety of tactics to educate the public on drought management and the Low Supply Alert; the importance of water conservation in our region and the role residents play in saving water. 'Our Water' is an ongoing program that includes face to face engagement, advertising and educational activities.

During the year, we also supported our local community by investing more than \$40,000 through our sponsorships and donations program. This included supporting events such as the Boyne Tannum Hook Up, Lake Awoonga Adventure Race, Martin Hanson Memorial Art Awards, EcoFest, Boyne Burnett Inland Rail Trail, Luminous and the Port to Park Fun Run.

Stakeholder engagement

Our stakeholders play a key role in strategic decision-making at GAWB. We seek to promote transparency and enhance our relationships by proactively engaging with our stakeholders. We utilise multiple channels to support two-way communication on a variety of issues including capital projects, network operations and improvement initiatives.

Residential Landowners

In 2021-22, we sought to improve stakeholder interactions with the residential landowners neighbouring our operational assets and capital projects. Key stakeholder groups included the residents neighbouring the Gladstone Water Treatment Plant and Pikes Crossing, a community downstream of Lake Awoonga. Our engagement mechanisms with each of these groups varied, but included a community engagement session, letterbox drops and a direct communication feedback channel with these stakeholders.

Community Consultation Forum

GAWB conducted a review of its Community Consultation Forum membership in September 2021. The objective of the review was to ensure membership was aligned with GAWB's mission to be a leading water provider that supports our customers, community and people. As a result of that review, 7 new organisations were invited to join the Forum. The Forum currently convenes every six months, with plans to meet more frequently as we begin preparations for the 2026-2030 price review period.

The Community Consultation Forum is an important community engagement mechanism for GAWB, which helps ensure we are meeting our social and economic obligations to the people of Gladstone.

Agistee engagement

The Ubobo Discovery Centre once again played host to the annual Agistee Engagement Forum in April 2022. The forum was the perfect opportunity to welcome several new agistees following an extensive open public tender process. Agistees received an update on several significant capital projects as well as GAWB's business operations. Information was also provided on pest and weed management.

Engagement with First Nations Australians

During 2021-22, GAWB continued to engage with our First Nations Australians on a variety of projects and issues. The region's Traditional Owners (First Nations Bailai, Gurang, Gooreng Gooreng and Taribelang Bunda Peoples) (FNBGGGTB) provided input on elements of the Lake Awoonga Recreation Strategy. The Gehgre Aboriginal Corporation, a First Nations not-for-profit organisation, is a Community Consultation Forum member. As part of the Fitzroy to Gladstone Pipeline Project, GAWB has also commenced cultural heritage and indigenous engagement activities with FNBGGGTB and the Darumbal People Aboriginal Corporation.

Redevelopment of GAWB website

During the year, GAWB completed an extensive redevelopment of its public facing corporate website (www.gawb.qld.gov.au). The objective was to create a contemporary website that is fit for purpose and hosts easy to access information for stakeholders. The website's new content management system provides GAWB with the ability to expand its digital communications channels and improve publication of timely and engaging information.

Recreational facilities

The Lake Awoonga Recreation Area and Boynedale Bush Camp continue to be popular destinations for local residents and visitors to the region. During 2021-22, our vehicle tracker at Lake Awoonga recorded more than 124,000 vehicle movements, while Boynedale Bush Camp recorded more than 15,000.

The Lake Awoonga Recreational Strategy (Recreational Strategy) seeks to further enhance the liveability of the region by providing additional opportunities for the community to enjoy our recreational facilities, both on and around the lake. Initiatives that have already been completed as part of the Recreational Strategy include:

- installation of new barbeques at Lake Awoonga Recreation Area
- establishment of WiFi / internet capability
- an upgrade of our playground facilities at Ironbark Gully
- installation of fire pits at Boynedale Bush Camp
- completion of a Disability Access Audit
- an upgrade of lookouts one and two
- development of a Master Plan.

Future initiatives will include:

- construction of a boat ramp at Boynedale Bush Camp
- installation of loading pontoons and swimming pontoons at Lake Awoonga
- development of a 3.5 kilometre walking track from Boynedale Bush Camp and Four Mile Scrub, which will form part of the Boyne Burnett Inland Rail Trail
- enhancing our walking trails around Lake Awoonga with new signage
- introducing Marine Zoning in Lake Awoonga to enable GAWB to appropriately manage recreational use to ensure public safety and amenity for all users
- improving access to the shoreline of Lake Awoonga through the installation of erosion protection.

Strategic Objective

Skilled and responsive workforce

Health, safety and wellbeing

The safety and wellbeing of our employees and contractors is a central focus for GAWB. We seek to foster an environment that minimises the risk of harm to any individual, both physically and psychologically. Regrettably, during 2021-22, we had two lost time injuries. Both of these incidents were investigated so that we could identify opportunities to improve our processes and controls and prevent a similar event occurring again in the future.

Enhancing our safety management system

Throughout the year we continued our program of activities to enhance our safety management system. This included a review of our Environment, Health and Safety Committee Charter and membership to ensure it continued to meet the needs of the organisation. As part of this review our safety team engaged with our operational workers on the election and appointment of Health and Safety Representatives (HSR). Following this engagement, we had three work groups who chose to elect a HSR to represent their interests.

Other significant activities included participation in a Health and Safety and People and Productivity Benchmarking Project conducted by the Water Services Association of Australia, a gap analysis of our safety management system (AS/NZS 4801) to assist with our transition to ISO 45001, a review of our isolation process, implementation of a Verification of Competency Process and a review of our health monitoring program.

Supporting mental health and wellbeing

GAWB recognises the importance of promoting a mentally healthy workplace and throughout 2021-22 we continued our Healthy Minds initiative. The aim of Healthy Minds is to provide resources, undertake activities and offer training opportunities to our employees to educate and assist with managing their mental health and wellbeing.

Activities undertaken during the year included:

- weekly Take 10 @ 10 activities
- providing Mental Health First Aid training to interested employees
- holding R U Ok Day? events across our work sites
- a six-week 'Yoga Zen Practice' course
- employee participation in the Black Dog Institute One Foot Forward Challenge
- participating in Queensland Mental Health Awareness Week
- a blood drive to support blood donation
- providing Converge webinars to our employees on a variety of topics relating to mental health including mental fitness, growth mindset, mental health awareness, mindfulness and healthy brain / healthy body.

In June 2022, we issued a survey to our employees on the Healthy Minds program to seek feedback and identify opportunities for improvement. This information will be used to inform the program of activities and focus for Healthy Minds for 2022-23.

Responding to COVID-19

Throughout the year we monitored and complied with Queensland Government public health directions associated with the pandemic. Our continued management of the safety and wellbeing of our employees in response to COVID-19 included:

- the development and implementation of Health Protocols
- requiring employees, contractors and visitors to complete a COVID-19 health screening questionnaire when accessing our sites
- operating in accordance with a COVID-19 WHS Plan
- supplying Rapid Antigen Tests to our employees
- introducing a special leave entitlement for those employees who had been vaccinated.

People and culture

During 2021-22, our people and culture team focused on improving the organisation's capability profile embedding our Performance Management Framework as a business-as-usual activity. Preparation to commence implementation of GAWB's Step-Up Leadership Development Program in August 2022 was another significant activity for the team.

Additionally, a key component of our cultural change journey in 2021-22 was the development of an Internal Communications Strategy, which aims to improve the consistency and overall delivery of organisational communications to GAWB employees. Effective employee communication is critical to successfully embedding the Culture Strategy at GAWB. The implementation of the Internal Communications Strategy will commence in 2022-23.

Employee and industrial relations framework

GAWB's workforce comprises of the following employment categories:

- Permanent – full-time or part-time
- Specified contract end
- Apprentice / trainee
- Third party labour – labour hire or contractor.

Our workforce management practices operate in compliance with the National Employment Standards and our work arrangements incorporate flexible practices such as working from home and variable starting and finishing times. Other employment benefits include the provision for rostered days off, accrued days off, purchase or cash out of annual leave, study leave and paid parental leave.

On an annual basis (July), we undertake a Better Off Overall Test (BOOT) to ensure our workforce employment conditions do not fall below minimum standards.

Workforce profile

As at 30 June 2022 our workforce profile was as follows:

- 90 employees (88.15 FTE)
- Gender ratio: 63 per cent male / 37 per cent female
- Gender ratio in leadership roles: 68 per cent male / 32 per cent female

- 93.4 per cent full-time/ 6.6 per cent part-time
- 77.6 per cent staff retention (22.4 per cent permanent separation rate)
- 24.18 per cent annualised turnover
- 5.23 years average workforce tenure
- 47.86 years average age profile.

The preceding workforce profile figures exclude the labour that has been sourced for the Fitzroy to Gladstone Pipeline (FGP) Project.

While it is noteworthy that GAWB's Staff Retention Rate is 7.4 per cent below the target of 85 per cent, the figure represents 15 voluntary cessations of permanent employees for the 2021-22 period, departing the organisation for a combination of personal reasons and career advancement. Additionally, the voluntary cessations included two retirements where the resulting vacancies have been filled.

A declining Staff Retention Rate suggests that GAWB's culture reform journey towards being an organisation that is customer centric, where high-performance orientation is embedded in the way we work, has advanced. It is imperative that a declining Staff Retention Rate does not detract from the culture reform achieved to date and for a period up to 2025.

Workforce planning and performance

Since 2020, GAWB has undertaken succession management planning workshops on a biannual basis. The activities include a scan of our internal establishment and workforce to identify critical roles and a succession strategy in the event a position identified as critical is vacated.

Additionally, the performance and potential capacity of our leader cohort is critiqued via a 9 Box assessment. An action plan is then developed and outworked, in the interest of building leader capabilities and enhancing GAWB's performance output.

In December 2021, we launched our Diversity and Inclusion Policy (the Policy). The Policy sets out our approach as it relates to diversity matters in the interest of building a workforce that is rich in varied thoughts and ideas and fosters a workplace culture that values and promotes diversity, flexibility, and inclusion.

In valuing and managing diversity, GAWB's commitment is to:

- foster an environment of mutual learning, respect, dignity, openness to other cultures and an appreciation of difference and other perspectives
- where possible, attract and retain a workforce composition that reflects a diversity of backgrounds, knowledge, experience, and abilities.

To promote inclusion, our approach is to:

- provide a welcoming environment and celebrate special events significant to our employees (e.g. International Women's Day, Naidoc Week, etc)
- include a "Welcome to Country and Acknowledgement of Country":
 - at all formal events
 - on key external facing documentation.

Strategic Objective

Operational sustainability

Our response to climate change

The effects of climate change pose a material risk to water sector infrastructure, employees and the services we provide to our customers and to the Gladstone region. GAWB is committed to reducing carbon emissions and responding to climate change risk and has developed a Climate Change Framework, which includes a Climate Change Policy, a Climate Change Strategy and a Climate Change Strategy Action Plan. These documents articulate our commitment to voluntarily reduce our CO₂ emissions by a minimum of 3,900 tonnes by 2030, which is a 30 per cent reduction from 2020 levels and details the activities that we will undertake to achieve that reduction.

Our Climate Change Strategy Action Plan includes actions focused on limiting the extent of climate change (mitigation activities) as well as adapting our operational activities to a range of possible future climates that may occur (adaptation activities).

Protecting our environment

Long-term environmental sustainability is fundamental to the way in which we conduct our operations. Our small but dedicated environmental team are passionate about developing, implementing, maintaining and continuously improving our environment management system that is certified to ISO14001.

Our activities during the year included:

- undertaking an extensive water quality monitoring program
- undertaking an aquatic ecological monitoring program
- bank slumping and erosion monitoring
- operation and maintenance of stream flow gauging stations, water level meters, flow meters, rain gauges and a weather station

- conducting environmental impact assessments
- conducting ongoing biosecurity activities
- the use of enhanced technology (unmanned aerial vehicles) to monitor our catchment.

We did not report any environmental compliance breaches during 2021-22.

Externally certified management systems

International Organization for Standardization (ISO) certification establishes credibility and trust with consumers, stakeholders and other business partners, ensuring standardisation and quality assurance of products and services. GAWB holds external certification for the following management systems:

- asset management system (ISO55001)
- environmental management system (ISO14001)
- safety management system (AS4801).

In April 2022, a re-certification audit was undertaken on GAWB's management systems by an external certification body. The outcome of the re-certification audit confirmed that GAWB continues to maintain and continually improve its management systems to achieve its corporate and operational objectives, meeting all elements of ISO requirements.

Technology

During 2021-22 our technology team facilitated the systematic and planned implementation of numerous strategic technology initiatives, in accordance with our ICT Strategic Plan. This included:

- the implementation of Multi Factor Authentication across corporate application suite
- an upgrade of GAWB's public facing website with an integration to our Geographical Information System mapping system

- an upgrade of our TechnologyOne (cloud hosted ERP) to version 2021B
- completion a mid-term review of GAWB's ICT Strategic Plan (2019-2024).

Capital works program

During 2021-22, GAWB invested a total of \$28.89 million against a forecast spend of \$24.85 million. This is a commendable achievement, with many of our capital projects experiencing supply chain issues, as well as travel restrictions associated with COVID-19. Internal resource constraints also impacted the capital projects team.

Despite these challenges, a number of multi-year significant capital projects were completed during the year. This included the following:

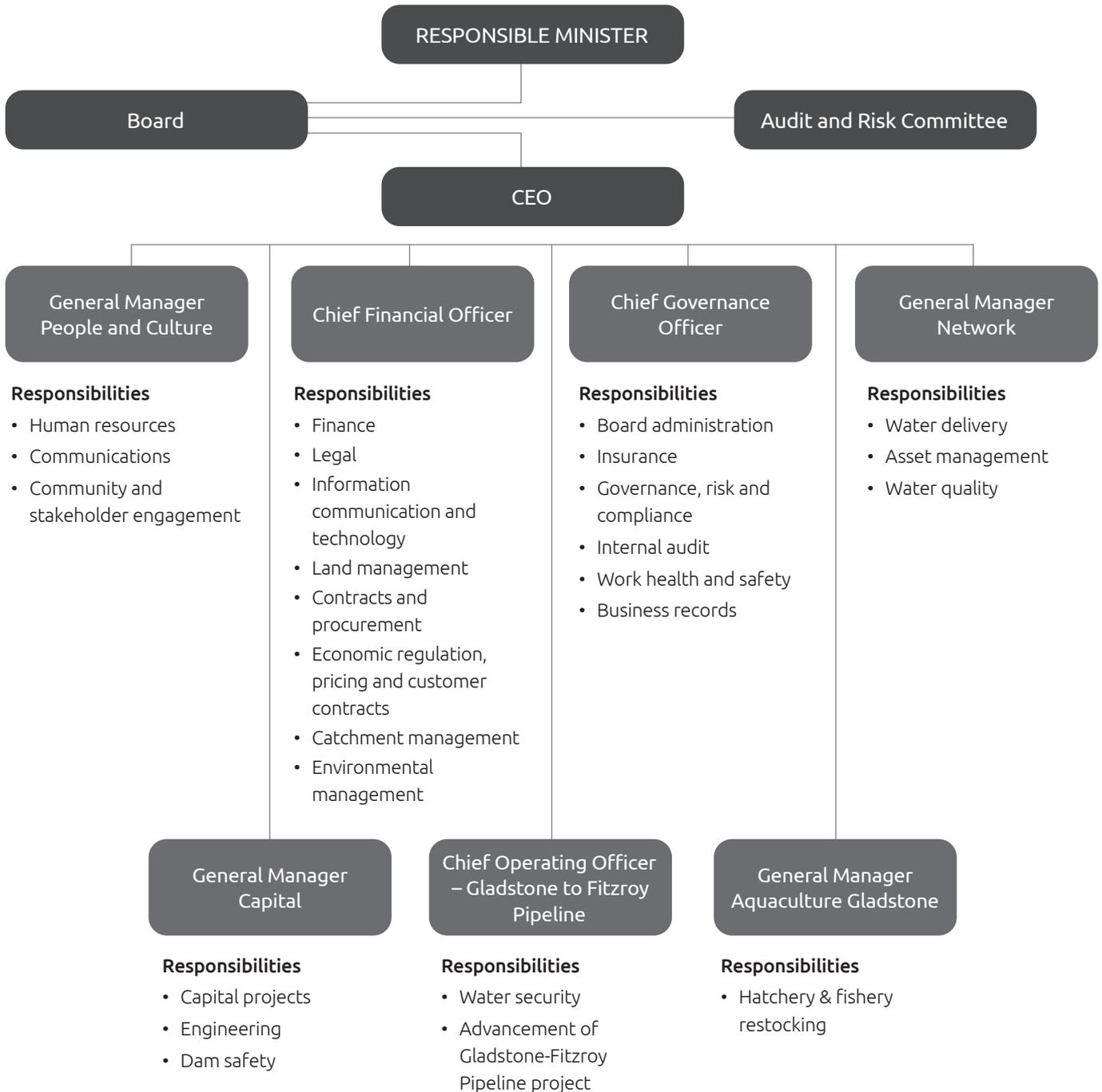
- the new hatchery facility at Awoonga Dam (total project value: \$11.738 million)
- Awoonga Dam conduit inspection (total project value: \$1.456 million)
- Pikes Crossing Emergency Muster Point (total project value: \$1.623 million)
- connection to Gladstone Regional Council's Kirkwood reservoir (total project value: \$5.891 million).

Of the \$28.89 million, \$7.36 million was spent on activities associated with the Fitzroy to Gladstone Pipeline Project, pertaining to GAWB's appointment as the Delivery Management Proponent for pre-construction activities.

Governance

Organisation structure

As at 30 June 2022, our organisation structure was as follows:



In April 2022, a minor restructure was undertaken with the establishment of a new executive position. The role of General Manager – Aquaculture Gladstone is responsible and accountable for the continued reliability and availability of GAWB’s hatchery and fishery assets.

Executive Leadership Team

As at 30 June 2022, the Executive Leadership Team comprised:

Darren Barlow

BCom, MBA (Adv), FCPA, FAICD, Dip Fin Serv, MAIPIO, SA Fin

Chief Executive Officer

Darren joined GAWB as the Chief Executive Officer in March 2018. Darren has extensive leadership and executive experience, having held senior roles in commercial, financial, strategic and business transformation areas across the public and private sectors. Darren was previously the Chief Executive Officer of the Residential Tenancies Authority and has held a range of senior executive positions at Aurizon, Master Builders Association of Queensland and Ergon Energy.

Hugh Barbour

CPA, BBus (Acct), GAICD

Chief Operating Officer – Fitzroy-Gladstone Pipeline

Hugh has extensive experience in project development, financial management, contract management and negotiation in the mining and energy industries. Hugh has led multi-disciplinary teams in the performance review of significant assets and evaluation of acquisitions and asset improvements. Hugh is responsible for GAWB's continued operational sustainability as a reliable water provider through the development of the Fitzroy to Gladstone Pipeline project. Hugh previously held the position of Chief Financial Officer at GAWB since March 2016.

Robin Bates

LLB (Hons), GradDipACG, AGIA, ACIS, GAICD

Chief Governance Officer

Robin commenced with GAWB in February 2017 and resigned on 16 September 2022. Before joining GAWB, Robin held the position of Managing Partner with a Central Queensland law firm. Robin has extensive experience in commercial law, insurance and litigation. Robin has an enterprise mindset, and brings leadership experience to the role together with post-graduate qualifications in corporate governance, compliance and risk management.

Catherine Byers

BBus (HR)

General Manager – People & Culture

Catherine joined GAWB in June 2018, bringing with her a proven track record and extensive experience in human resource management, industrial relations, and organisational development, applied across both the public sector and Government Owned Corporation environments. Catherine's pragmatic approach is complimentary to her twenty years of experience working at an operational and strategic level.

Angela Moody

BEcon, BA, MProfEcon, GradDipAppFin, GAICD

Chief Financial Officer

Angela has extensive experience in commercial analysis, economic regulation, strategy, stakeholder engagement, governance and institutional reform. Before joining GAWB, Angela was a consultant for 10 years advising private sector and Government clients on a range of issues relating to economic regulation, policy development and strategy development. Before being appointed to the role of Chief Financial Officer in May 2021, Angela was GAWB's Regulation and Planning Manager.

Glen Harsh

Interim General Manager – Network

Glen joined GAWB in January 2022 as Interim General Manager – Network for a period of six (6) months ceasing on 29 July 2022. Joining GAWB from Cloncurry Shire Council, Glen has more than 40 years' experience managing the provision of water and sewage services in both the public and private sectors. Glen's has extensive experience in areas such as operations and maintenance, asset management, capital works planning and delivery, systems and process management, project management and business performance assessments. As Interim General Manager – Network, Glen was responsible for maintaining business continuity and continuing the outworking of the Network BU Reform Program.

Ron Elliott

General Manager - Aquaculture Gladstone

Ron was appointed to the role of General Manager - Aquaculture Gladstone in April 2022. Before joining GAWB, Ron held senior project and management roles with a multinational contractor and major manufacturing industry in the Central Queensland region and has more than 30 years' experience in strategic maintenance and capital projects portfolios, fabrication and shutdowns across government, chemicals and explosives, mining, infrastructure and manufacturing sectors. Ron was previously GAWB's Special Projects Manager and successfully delivered several significant capital projects, including the new hatchery facility and the Pikes Crossing Emergency Muster Point.

Ray Stephenson

B.Eng (Environmental) (Hons) MIEAust

General Manager – Capital

Ray joined GAWB in June 2022, bringing more than 20 years of experience in project development and delivery, strategic planning, contract management and negotiation in both the private and public sector. Prior to working with GAWB, Ray has led multi-disciplinary teams to deliver operational outcomes, efficiencies and compliant delivery across oil and gas, heavy industry and water sectors.

In July 2022, GAWB welcomed a new General Manager – Network, Mr Scott Wikman.

Board of Directors

Maxine Brushe

MAICD

Chair

Mrs Brushe was appointed the Chair on 22 August 2019 for a term of three years. She served as a local Government councillor for 21 years, including 13 years with Calliope Shire Council (including five years as Deputy Mayor) and eight years with Gladstone Regional Council. Mrs Brushe has contributed to a wide range of community organisations over the past three decades. She has over 25 years' experience as a Board and Committee Chair in the regional promotion and development sector and Community Bank sector. In addition to her role at GAWB, Mrs Brushe is also the Director of The Gladstone Foundation Board of Advice, President of the Every Child Central Queensland Inc. and Vice President of the Boyne Tannum Arts, Business and Community Association Inc.

Emeritus Professor Poh-Ling Tan

LLB (Hons), U. Malaya; LLB (1st Class Hons), QUT; PHD, ANU; MAICD

Director

Emeritus Professor Tan was appointed a Director on 22 August 2019 and reappointed in December 2021 for a further two year term until 8 December 2023. She has previously served in several Ministerial appointments including the Murray-Darling Basin Authority's Advisory Committee for Social, Economic and Environmental Sciences, and Queensland's Water Referral Panel. Her current advisory roles include service on the Expert group for the Australian Water Partnership. Her research in water governance and policy advice has led to outcomes on national, state and local scales.

Aurelia Noran

MBA, FEAust, BE(Mech), MAIPM, GAICD

Director

Mrs Noran was appointed to the Board as a Director on 22 August 2019 for a term of three years. She has also been elected as the Chair of the Audit and Risk Committee and Chair of the Fitzroy to Gladstone Pipeline Project Committee. Mrs Noran is a Fellow of Engineers Australia, has an MBA from Griffith University and is a Graduate of the Australian Institute of Company Directors. She has over 25 years of experience in project, program and portfolio management in both the public and private sectors and has been part of project teams delivering major projects such as Queen's Wharf, the Airport Link and Northern Busway Project. Mrs Noran currently holds the position of General Manager at the Pine Rivers Catchment Association.

Peter Masters

Director

Mr Masters was appointed to the Board as a Director on 29 June 2021 for a term of three years. Mr Masters is currently a General Manager for the Gladstone Engineering Alliance. He is a well-known Gladstone Industry figure, having worked for both public and private organisations, in management and purchasing roles. Mr Masters has an extensive history working with and leading community-based not-for-profit organisations and sporting clubs. Mr Masters also holds a position as a Director of Gladstone Area Group Apprentices Limited.

Tina Zawila

CA, BBus(Acct), GradDipFinPlan, MAICD

Director

Mrs Zawila was appointed to the Board as a Director on 9 December 2021 for a term of three years and is also a member of the Audit and Risk Committee. She has over 35 years' experience in the finance industry as a Chartered Accountant, Financial Planner and Business Advisor. In her role as a Director of UHY Haines Norton CQ Pty Ltd, she provides accounting, taxation and business management services to her clients. Mrs Zawila is also a Non-Executive Director of the Central Queensland Hospital and Health Board and is the Chair of the Finance and Performance Committee; and is a Director of the Gladstone Airport Corporation and is the Chair of the Finance and Audit Committee and a member of the Nominations and Remuneration Committee. Mrs Zawila also holds various voluntary roles in not-for-profit organisations including Gladstone Area Group Apprentices Limited; EQIP Business, Industry and Tourism Skills Centre Advisory Committee and Clava Pty Ltd trading as Yaralla Sports Club.

Corporate governance

GAWB's corporate governance framework is designed to promote transparency, accountability and integrity in the way in which we operate. This is achieved through a comprehensive set of policies, procedures and standards which provide the Board, our Executive Leadership Team and employees with the clarity needed to exercise appropriate stewardship of the organisation and instil trust and confidence with our stakeholders.

GAWB's corporate governance framework aligns with the Queensland Government's Corporate Governance Guidelines for Government Owned Corporations (version 2) and has regard to the ASX Corporate Governance Principles and Recommendations (4th edition). Set out below is an overview of GAWB's approach to each of the eight principles contained in the Queensland Government's Corporate Governance Guidelines for Government Owned Corporations (version 2).

Principle 1 – lay solid foundations for management and oversight

GAWB's Governance Charter, developed and approved by the Board, details the framework of rules, relationships, systems and processes by which authority within the organisation is exercised and controlled. The Governance Charter clearly defines the responsibilities and expectations of the Board, its Committees, the Chair, Directors and Management.

The Board, through its Authorities and Delegations Manual, has delegated the day-to-day management of the organisation to the Chief Executive Officer and his delegates. During 2021-22 a comprehensive revision of the Authorities and Delegations Manual commenced, to improve clarity and provide certainty to both financial and non-financial decision-making processes across the organisation.

A comprehensive induction process has been developed for new directors, which includes detailed presentations on GAWB's operations, a tour of the network and a meeting with the Executive Leadership Team. A

handbook containing a detailed suite of governance documents is also provided.

At the beginning of each financial year, Key Performance Indicators (KPIs) are set for each of GAWB's Executive Leadership Team, including the Chief Executive Officer. The Board approves the KPIs for the Chief Executive Officer and receives reports throughout the year on the progress in achieving those KPIs. An annual performance review is undertaken on each of the Executive Leadership Team members.

Principle 2 – structure the Board to be effective and add value

GAWB's directors are appointed by the Governor-in-Council pursuant to section 600(1) of the Water Act. While the terms of the Chair and Director Noran expired on 22 August 2022, in accordance with section 604(2) of the Water Act, Directors continue to hold office on expiry of their term until such time as a successor is appointed. All directors are independent, non-executive directors.

GAWB ensures directors are provided with appropriate professional development and training opportunities to enhance their skills and knowledge. This includes enrolling directors into the Australian Institute of Company Directors company directors course. In addition, directors can access, in appropriate circumstances, independent professional advice on matters concerning the Board at GAWB's expense.

An external evaluation of the Board's performance was undertaken during 2020-21, which had regard to the Governance Charter as well as its legislative and regulatory obligations. The Minister was informed of the outcome of the evaluation process. At its meeting in December 2021 the Board reviewed its processes and identified several opportunities for improvement to provide greater clarity in the performance of their functions.

Details of the experience and term of office for each director is set out on pages 25 and 26.

Board Sub-Committees

The Board has established the following sub-committee to assist with its governance and oversight responsibilities:

- Audit and Risk Committee
- Fitzroy to Gladstone Pipeline Project Committee.

Audit and Risk Committee

The Audit and Risk Committee (Committee) assists the Board in fulfilling its governance oversight responsibilities for financial reporting, monitoring the adequacy of internal controls, the audit process, compliance, risk management and governance frameworks.

During 2021-22, the Committee met on four occasions. Its activities included:

- review of GAWB's 2020-21 financial statements
- oversight of the internal control framework
- oversight of the review of the internal audit function
- oversight of the internal audit function, including the review of the proposed three year internal audit plan and completed internal audit reports together with monitoring management's implementation of internal audit recommendations
- review of various governance documents including the:
 - Audit and Risk Committee Charter
 - Internal Audit Charter
 - Risk Appetite Statement
 - Risk Management Policy.

The Committee operates pursuant to a Board approved Charter, which is aligned with the Queensland Treasury Audit Committee Guidelines (issued July 2020) and reviewed annually.

Fitzroy to Gladstone Pipeline Project Committee

The Fitzroy to Gladstone Pipeline Project Committee has been constituted to assist the Board in fulfilling its governance and oversight responsibilities pertaining to the Fitzroy to Gladstone Pipeline Project.

As at 30 June 2022, the Committee had met on six occasions for decisions and fortnightly for updates. Its activities included:

- approving the appointment of the Owner's Engineer and Transaction Advisor

- approving the Probity Plan
- approving the release of documentation for the Expression of Interest
- approving the release of the documentation for the Early Contractor Involvement
- approving expenditure associated with the project.

During 2021-22, the Board also established a Remuneration Committee for a limited duration to assist with the review of remuneration for Senior Executives.

Details of the members of the Board Sub-Committees and their meeting attendance is set out on page 70.

Principle 3 – instil a culture of acting lawfully, ethically and responsibly

GAWB actively promotes and reinforces a culture across the organisation of acting lawfully, ethically and responsibly. GAWB's Board approved values provide the guiding principles to the organisation as to what is expected from its Directors, Management and employees. The standards of behaviour that the Board expects are clearly articulated in its Code of Conduct. During 2021-22 a review was completed on the Code of Conduct to ensure the principles and standards of conduct detailed therein are clear, concise and easily understood. Training was also conducted with all employees in June 2022 on appropriate workplace behaviours.

GAWB provides clear guidance on the management of conflicts of interest through its Director's Conflicts of Interest Policy and Conflicts of Interest Policy and Procedure. A Trading in Securities Policy has also been established.

GAWB has zero tolerance for fraud and corrupt conduct and is committed to establishing an integrity-based culture that discourages and protects the organisation from both internal and external fraud and corruption. GAWB has a comprehensive Fraud and Corrupt Conduct System which includes a Fraud and Corrupt Conduct Policy and Standard, a separate policy and procedure for dealing with complaints of alleged corrupt conduct involving the Chief Executive Officer, as well as a Public Interest Disclosure Policy and Procedure. GAWB's policies and procedures relating to fraud control and prevention have been reviewed and approved by the

Crime and Corruption Commission. In addition, an external whistleblower hotline is available, providing employees and the public the ability to seek assistance from an impartial third party with ethical dilemmas and report suspected fraud or corrupt conduct.

An extensive review of GAWB's Fraud and Corrupt Conduct System was undertaken in 2021-22 against the new Australian Standard Fraud and Corruption Control (AS8001:2021) to ensure our approach in implementing and monitoring fraud and corruption prevention, detection and response initiatives aligns with best practice guidelines.

Principle 4 – safeguard the integrity of corporate reports

- GAWB's Audit and Risk Committee assists the Board with its financial statement responsibilities by: reviewing and providing advice to the Board on:
 - the appropriateness and disclosure of, or change in, significant accounting policies
 - the treatment and disclosure of complex or unusual transactions
 - the methodology and assumptions underpinning significant items including fair value and impairment assessments
 - significant judgments made by management in preparing the financial statements including any significant estimates
 - the going concern assumptions
- satisfying itself that the financial statements are supported by appropriate written Management sign-off on the statements and on the adequacy of key internal controls
- reviewing the financial statements, including whether appropriate action has been taken in response to audit recommendations and adjustments to the adoption by the Board for signature
- reviewing the processes in place designed to ensure that financial information included in the annual report is consistent with the signed financial statements
- analysing GAWB's financial performance and financial position and seeking information from Management to understand significant trends or variations from budget or forecasts.

The Audit and Risk Committee comprises of a minimum of three members appointed by the Board. In June 2021 the Board appointed an external independent member to the Audit and Risk Committee to provide a greater depth of skills to the Committee and, in particular, a member with financial expertise.

Details of Committee members, meetings held and attendance at those meetings is set out on page 70.

Principle 5 – make timely and balanced disclosures

As a Government-owned statutory authority, GAWB aims to ensure that its Minister is kept informed of all major developments occurring within the organisation. We communicate information through a variety of formal documents including an annual Performance Plan, 5-year Corporate Plan, our Strategic Plan, Quarterly Reports and our Annual Report. We also provide Briefing Notes to the Minister and Departmental officers on any emerging issues and ensure a timely response to any request for information from the Minister's office or the Department of Regional Development, Manufacturing and Water.

GAWB recognises the importance of ensuring individuals have access to government information to promote transparency and accountability. We provide details about how a right to information application can be lodged with us on our website. We also maintain a publication scheme, providing open access to significant corporate documents such as our Annual Reports and key policies. GAWB did not receive any requests under the Right to Information Act 2009 (Qld) during the reporting period.

Principle 6 – respect the rights of stakeholders

The importance of building and maintaining strong relationships with our customers and the community is reflected as one of our strategic objectives – high customer and community satisfaction – in our 2020-25 Strategic Plan. To enable us to deliver on this strategic objective, a comprehensive Customer Engagement and Communications Strategy and supporting action plan has been developed. The implementation of this Strategy will have a positive impact on customer and

community satisfaction, which is central to the social contract under which GAWB operates.

Reflecting the overall importance of this objective, GAWB has also developed a 3-year Community Relations and External Stakeholder Engagement Strategy. The purpose of the Strategy is to outline a proactive and realistic approach to engagement practice and its effective implementation at GAWB. The Strategy identifies our key community stakeholders along with tailored engagement strategies for each. Importantly, the Strategy seeks to bring a more proactive and long term approach to community engagement at GAWB, therefore mitigating community and reputation-based risk and also ensuring GAWB is better prepared to pursue partnership opportunities as they arise.

GAWB seeks to follow the principles of the International Association of Participation's best practice Community Engagement Model and Participation Spectrum.

We respect the rights of our local Traditional Elders and have implemented a Cultural Heritage Policy to ensure we maintain and protect the Indigenous Cultural Heritage value of specific areas as well as objects that are significant to Indigenous cultural tradition.

Principle 7 – recognise and manage risk

GAWB is committed to a structured approach to risk management to reduce exposure to operational and strategic risks and pursue opportunities to enhance our performance. This includes fostering a culture where risk management is recognised as the responsibility of every employee.

GAWB's enterprise risk management framework is based on AS/NZS ISO 31000:2018 Risk Management Principles and Guidelines and meets the requirements of section 23 of the Financial and Performance Management Standard 2019. The framework includes the following:

- Risk Appetite Statement
- Risk Management Policy
- Risk Management Standard
- Risk Assessment Procedure
- Risk Matrix.

During 2021-22, there was continued focus on improving the maturity of the organisation in its approach to risk management. Quarterly meetings were held with the Executive Leadership Team to critically review GAWB's strategic risks, controls and future planned initiatives. The outputs from each meeting were then reported to the Audit and Risk Committee. Risk deep dives were also undertaken with the Audit and Risk Committee. This provided an opportunity for the Committee to participate in an in-depth review to better understand the specific risk as well as the mitigation and control measures in place to manage the risk. GAWB also commenced implementation of a new governance, risk and compliance software system which will complement the organisation's maturity and provide enhanced reporting, including integration of incident, audit, risk and compliance information.

Principle 8 – remunerate fairly and responsibly

Board members

The remuneration of GAWB's Board members is set by the Minister in accordance with the Remuneration Procedures for Part-time Chairs and Members of Queensland Government Bodies (Remuneration Procedures). This has been supplemented by a Director Remuneration Board Policy, which is consistent with Remuneration Procedures.

Employees (including senior executives)

GAWB has a Board approved Employee Remuneration and Rewards Policy which provides a fair and transparent framework for the remuneration of employees, including senior executives, and ensures compliance with relevant legislation and obligations. During 2021-22, at the request of the Board, a review was undertaken of senior executive employment contracts. The outcome of that review led to the removal of the entitlement of senior executives to receive performance payments. The Board have also commissioned a broader review of GAWB's Remuneration Framework, which will be completed during 2022-23.

Internal audit

GAWB's internal audit function is a key component of our corporate governance framework, providing independent assurance on the effectiveness of our risk management, control and governance processes. GAWB's internal audit function is outsourced. Internal audit reviews are independent and conducted with impartiality and integrity in accordance with relevant professional standards.

External scrutiny

There was no external scrutiny undertaken during 2021-22.

Information systems and record keeping

During the year, GAWB reviewed its governance documents and records resulting in the drafting of a new Records Management and Document Control Policy and supporting Standards.

The Document Control Standard:

- assigns specific roles and responsibilities for documents (including ownership and approval)
- establishes a document hierarchy
- establishes a document lifecycle.

The Records Management Standard:

- assigns specific roles and responsibilities for records management
- outlines requirements for the creation, capture, management, retention and disposal of records.

These documents are all consistent with the principles of recordkeeping for Queensland Government agencies. Our Business Records Administrator and Risk and Compliance Manager have oversight of the organisation wide application of this Policy and Standards.

GAWB is also currently undertaking a document digitisation project aimed at minimising the quantity of paper records needing to be maintained, while ensuring that the State's records management requirements continue to be met. Our current management arrangements have proven to be reliable with no serious breaches of information security reported during the year.

GAWB's records are maintained in accordance with the general retention and disposal schedule. To date, no records have been destroyed or transferred to State Archives.

Human rights

GAWB received no human rights complaints in 2021-22. We are currently undertaking a process to review our policies and procedures against the *Human Rights Act 2019* (Qld) to ensure alignment.

Public Sector Ethics Act 1994

Our Code of Conduct contains the principles and values we expect of our employees in the way they perform their work. Our principles are:

- act with honesty and integrity
- abide with legislation and act professionally
- protect our reputation, assets and information
- do the right thing by our regional community.

Our Code of Conduct was reviewed and updated during 2021-22. Our human resources policies and procedures align with the expectations set out in our Code of Conduct and we ensure new employees are given training on the standards of behaviour expected.

Open data

Information in relation to expenditure on consultants and overseas travel is published online on the Queensland Government Open Data Portal ([https:// data.qld.gov.au](https://data.qld.gov.au)).

There is no open data to report.

Financial performance

GAWB's net profit after income tax equivalents for 2021–22 is \$12.68M, a \$6.18M favourable variance to budget. We received a total of \$70.45M in revenue, \$1.13M above budget. The favourable variance is largely due to higher than budgeted interest income, one-off revenue for establishing new customer connections and containment measures.

Our operating costs were lower than budget. This is attributable to lower costs in the areas of employment, administration, information systems, professional services and electricity.

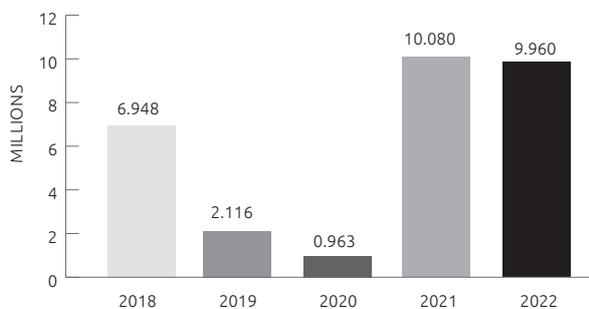
GAWB's net assets at 30 June 2022 amounted to \$472.31M, this value is above budget due to unbudgeted contract assets.

GAWB's borrowings as at 30 June 2022 totalled \$249.24M with no additional borrowings during the financial year.

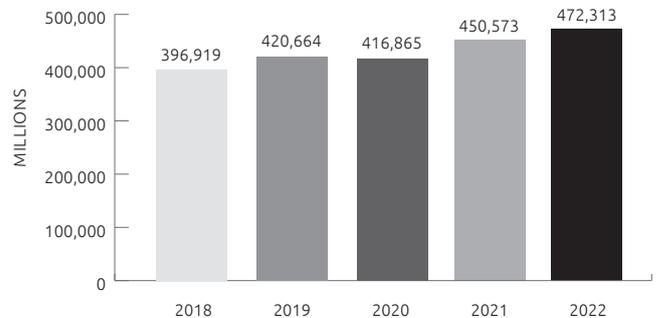
GAWB returned a paid dividend of \$10.08M to the Queensland Government and propose a dividend payable of \$9.96M for 2021–22.

A comprehensive breakdown of our income, operating costs and financial position can be found in GAWB's Financial Statements.

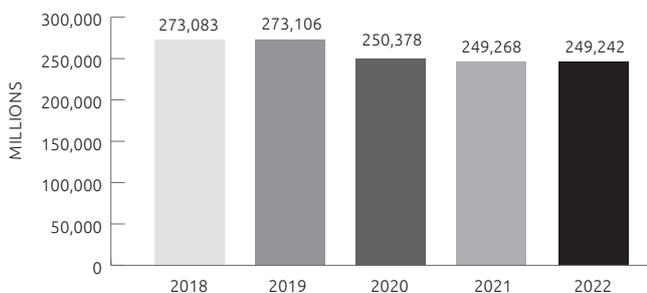
Dividends declared



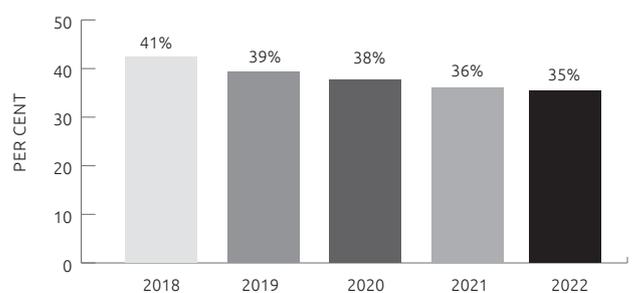
Total equity



Borrowings



Debt/equity ratio



Gladstone Area Water Board

Financial statements

Statement of profit and loss and other comprehensive income	34
Statement of financial position	35
Statement of changes in equity	36
Statement of cash flows	37
Notes to the financial statements	38
Management certification of the financial statements	67
Independent Auditor's Report	68

Statement of profit and loss and other comprehensive income

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022	2021 restated
		\$'000	\$'000
Water revenue	4(a)	69,155	170,120
Other income	4(a)	1,292	659
Total income		70,447	170,779
Expenditure			
Employee expenses	4(b)	(11,995)	(11,815)
Operational expenses	4(b)	(16,236)	(49,363)
Finance costs	4(b)	(4,252)	(4,340)
Write off on non-current assets		(162)	(137)
Depreciation	9	(18,968)	(19,247)
Amortisation of right of use assets	8	(523)	(493)
Amortisation of intangible assets	10	(525)	(792)
Re/devaluation of non-current assets	9	331	(331)
Total expenditure		(52,330)	(86,518)
Profit before income tax		18,117	84,261
Income tax equivalents expense	5(a)	(5,437)	(25,279)
Profit for the year		12,680	58,982
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment	9	27,171	(21,706)
Income tax relating to components of other comprehensive income		(8,151)	6,512
Total other comprehensive income, net of income tax		19,020	(15,194)
Total comprehensive income for the year		31,700	43,788
Profit attributable to:			
Owners of Gladstone Area Water Board (GAWB)		12,680	58,982
Total comprehensive income for the year attributable to:			
Owners of GAWB		31,700	43,788

The accompanying notes form part of these financial statements.

Statement of financial position

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022	2021 restated
		\$'000	\$'000
Current assets			
Cash and cash equivalents	6(a)	76,015	52,533
Trade and other receivables	7	9,213	7,128
Inventories		749	667
Total current assets		85,977	60,328
Non-current assets			
Trade and other receivables	7	25,801	66,591
Right-of-use assets	8	1,177	1,034
Property, plant and equipment	9	720,847	686,913
Intangible assets	10	6,900	4,168
Biological assets		36	30
Total non-current assets		754,761	758,736
Total assets		840,738	819,064
Current liabilities			
Trade and other payables	11	6,127	5,618
Lease liabilities	8	402	380
Provisions	13	11,674	11,740
Current tax liability	5(b)	17,358	24,485
Total current liabilities		35,561	42,223
Non-current liabilities			
Loans and borrowings	12	249,242	249,268
Trade and other payables	11	414	515
Lease liabilities	8	762	704
Provisions	13	586	583
Deferred tax liabilities	5(c)	81,860	75,198
Total non-current liabilities		332,864	326,268
Total liabilities		368,425	368,491
Net assets		472,313	450,573
Equity			
Contributed equity		64,647	64,647
Asset revaluation surplus		313,874	294,856
Retained earnings		93,792	91,070
Total equity		472,313	450,573

The accompanying notes form part of these financial statements.

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2022

	Contributed equity	Asset revaluation surplus	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020	64,647	310,593	41,625	416,865
Total Comprehensive income attributable to owners				
Profit from operations (restated)	–	–	58,982	58,982
Other comprehensive income	–	(15,194)	–	(15,194)
Total comprehensive income (restated)	–	(15,194)	58,982	43,788
Transfers within equity				
Disposal of revalued assets	–	(543)	543	–
Transactions with owners as owners				
Dividends proposed	–	–	(10,080)	(10,080)
Balances at 30 June 2021 (restated)	64,647	294,856	91,070	450,573

	Contributed equity	Asset revaluation surplus	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021 (restated)	64,647	294,856	91,070	450,573
Total Comprehensive income attributable to owners				
Profit from operations	–	–	12,680	12,680
Other comprehensive income	–	19,020	–	19,020
Total comprehensive income	–	19,020	12,680	31,700
Transfers within equity				
Disposal of revalued assets	–	(2)	2	–
Transactions with owners as owners				
Dividends proposed	–	–	(9,960)	(9,960)
Balances at 30 June 2022	64,647	313,874	93,792	472,313

The amounts recognised directly in equity are disclosed net of tax equivalents.

The accompanying notes form part of these financial statements.

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	\$'000	\$'000
Cash flows from operating activities		
<i>Inflows:</i>		
Receipts from customers	108,554	69,023
Interest received	363	262
<i>Outflows:</i>		
Payments to employees	(11,862)	(12,019)
Payments to suppliers and services	(19,689)	(17,457)
Borrowing costs paid	(4,277)	(5,595)
Net Goods and Services Tax (GST)	3,977	2,192
Tax equivalents paid to Queensland Treasury	(14,053)	(2,374)
Net cash provided by operating activities	63,013	34,032
Cash flows from investing activities		
<i>Inflows:</i>		
Proceeds from sale of property, plant & equipment	64	1,055
<i>Outflows:</i>		
Acquisition of property, plant & equipment	(25,974)	(9,849)
Acquisition of intangible assets	(2,956)	(1,211)
Net cash used in investing activities	(28,866)	(10,005)
Cash flows from financing activities		
<i>Outflows:</i>		
Dividends paid	(10,080)	(963)
Lease liability repayments	(585)	(465)
Net cash (used in)/from financing activities	(10,665)	(1,428)
Net increase/(decrease) in cash and cash equivalents	23,482	22,599
Cash and cash equivalents at 1 July	52,533	29,934
Cash and cash equivalents at 30 June	76,015	52,533

The accompanying notes form part of these financial statements.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

1. General information

GAWB is a statutory body constituted under the Water Act 2000 (Qld) and is a Category 1 Water Authority as well as a registered water service provider under the *Water Supply (Safety & Reliability) Act 2008* (Qld). GAWB's ultimate parent is the State of Queensland. GAWB is domiciled in Australia. The address of GAWB's principal place of business is 136 Goonoon Street, Gladstone, Queensland. GAWB is a for-profit entity and is primarily involved in the supply of bulk water.

2. Basis of preparation

(a) Presentation

Historical cost convention

The financial statements have been prepared on the historical cost convention, except for certain classes of property, plant and equipment which are measured at fair value. The methods used to measure fair value are discussed further in Note 9.

Functional and presentation currency

The financial statements are presented in Australian dollars which is GAWB's functional currency.

Rounding of amounts

Amounts of less than \$500 included in the financial statements are rounded to zero unless disclosure of the full amount is specifically required. Other amounts included in the financial statements are rounded to the nearest thousand unless otherwise stated.

Classification between current and non-current

GAWB presents assets and liabilities in the statement of financial position and associated notes based upon current/non-current classification. An asset or liability is classified as current when they carrying amount is expected to be realised or they are due to be settled within twelve months after the reporting date, or the entity does not have an unconditional right to defer settlement to beyond twelve months after the reporting date. All other items are classified as non-current.

Goods and services tax

Revenue, expenses, assets and liabilities are recognised net of the amount of Goods and Services Tax, except where the amount of GST incurred is not recoverable from the Australian Taxation office (ATO). In these circumstances, the GST is recognised as part of the revenue, expense, asset or liability.

(b) Statement of compliance

These financial statements are general purpose financial statements and have been prepared on an accruals basis in accordance with the *Financial Accountability Act 2009*, the disclosure requirements of section 39 of the *Financial and Performance Management Standard 2019*, *Statutory Bodies Financial Arrangements Act 1982*, applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2021.

These financial statements of GAWB for the year ended 30 June 2022 were approved for issue in accordance with a resolution of the directors on 7 October 2022.

(c) Changes in accounting policies, disclosures, standards and interpretations

Accounting policies

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year. Where appropriate, comparative figures have been amended to accord with the current year's presentation and disclosure.

Changes in accounting policy and disclosures effective in the current financial year

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

Accounting standards and interpretations issued but not yet effective

Any Australian accounting standards and interpretations with future effective dates were either not applicable to GAWB's activities or have no material impact on GAWB.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

(d) Prior period adjustment

In 2022 GAWB identified that revenue associated with the Accumulated Revenue Under Recovery (ARUR) needed to be recorded as a contract asset and revenue in 2021. The way to recover the ARUR revenue was reviewed by the Queensland Competition Authority (QCA) as part of the 2020 Price Monitoring Review. This change impacted the statement of profit and loss and other comprehensive income, and statement of financial position as follows:

	2021 Restated	2021 Original	Difference
	\$'000	\$'000	\$'000
Statement of profit and loss and other comprehensive income			
Water revenue	170,120	69,188	100,932
Total income	170,779	69,847	100,932
Operational expenses	(49,363)	(15,022)	(34,341)
Total expenses	(86,518)	(52,177)	(34,341)
Profit before income tax	84,261	17,670	66,591
Income tax equivalents expense	(25,279)	(5,302)	(19,977)
Profit for the year	58,982	12,368	46,614
Total comprehensive income for the year	43,788	(2,826)	46,614
Statement of financial position			
Non-current assets – trade and other receivables	66,591	–	66,591
Total non-current assets	758,736	692,145	66,591
Total assets	819,064	752,473	66,591
Current liabilities – current tax liability	24,485	4,508	19,977
Total current liabilities	42,223	22,246	19,997
Total liabilities	368,491	348,514	19,997
Net assets	450,573	403,959	46,614
Equity – Retained earnings	91,070	44,456	46,614
Total equity	450,573	403,959	46,614

3. Significant accounting judgements, estimates and assumptions

The preparation of GAWB's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. GAWB based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of GAWB. Such changes are reflected in the assumptions when they occur.

The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates significant to the financial statements are disclosed in the following notes:

- Note 9 – Property, plant and equipment (useful lives and revaluation)
- Note 10 – Intangible assets (useful lives)
- Note 13 – Provisions
- Note 14 – Financial risk management

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

4. Profit before income tax

(a) Revenue

Water revenue: GAWB provides goods and services for the reservation of water and delivery of water to customers. The performance obligation for revenue from water sales is satisfied upon actual or deemed delivery to the user. GAWB's allowable revenue is recovered via the Queensland Competition Authority approved pricing framework. The pricing framework is reflected in our Water Supply contracts and standard terms and conditions. Water invoices comprise of administration or corporate charges, storage charges (costs associated with assets and activities of water storage at Awoonga Dam) and delivery charges (costs associated with assets and activities of the delivery network including water treatment). All performance obligations are completed by 30 June each financial year. Settlement of billed amounts is required within 30 days from invoice date.

Revenue adjustment events may result in the under recovery of regulatory revenue. The current pricing period identified GAWB had under recovered revenue in preceding regulatory periods. This resulted in the ARUR being recognised as revenue in 2021 (\$100.9 million) and amounts due to GAWB will be recovered in line with the findings of the Queensland Competition Authority (QCA) on the pricing framework and under-recovery of revenue.

Other income:

Lease revenue: Rent and lease income is recognised on a straight-line basis over the lease term.

Grants and other contributions: Government grants are accounted for under AASB 120 Accounting for Government Grants and Disclosure of Government Assistance. The grant is recognised initially as revenue received in advance at fair value when there is reasonable assurance that they will be received and GAWB will comply with the conditions of the grant. They are then recognised in profit or loss on a systematic basis over the useful life of the asset.

Otherwise, grants are accounted for under AASB 15 Revenue for Contracts with Customers. Grants that compensate GAWB for expenses incurred are recognised initially in revenue received in advance when received, and subsequently recognised as or when the performance obligations are satisfied.

Interest received

Interest received is recognised as interest accrues using the effective interest method.

	2022	2021
	\$'000	\$'000
Other revenue		
Interest received	363	262
Lease revenue	469	230
Grants and other contributions	113	113
Other	347	54
Total other revenue	1,292	659

Lease revenue was impacted in 2021 by rent relief for COVID-19 being offered to all existing tenants for twelve months from 1 April 2020 to 31 March 2021. The value of the relief was \$251,779. No relief was provided in 2022.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

4. Profit before income tax (cont.)

(b) Expenses

	2022	2021
	\$'000	\$'000
Employee expenses		
Wages, salaries and on costs	10,298	10,186
Contributions to superannuation plans	1,065	983
Labour hire costs	179	375
Other labour related costs	453	271
Total employee expenses	11,995	11,815

On costs represents the total of fringe benefits tax, payroll tax and workers' compensation insurance premiums. Specifically, the amount recognised as an expense for workers' compensation insurance was \$0.07 million for the financial year ended 30 June 2022 (2021: \$0.08 million). Other labour related costs include staff training and conferences, recruitment expenses, staff uniforms and staff welfare expenditure.

Full-time equivalent employees (FTEs)

GAWB employed 88.2 FTE's as at 30 June 2022 (2021: 82.1 FTE's). This included both full-time employees, part-time and casual employees, measured on a full-time equivalent basis. This excludes directors.

	2022	2021
	\$'000	\$'000
Operational expenses		
Contracted, professional, technical and other services	4,534	3,927
Information systems expense	3,177	2,682
Maintenance	2,605	2,917
Electricity	1,904	1,900
Insurance	1,576	1,389
Administration costs	841	702
Chemicals	624	644
Rates	356	430
Operating expenses	381	218
Reduction in value of contract assets	–	34,341
Other	238	213
Total operational expenses	16,236	49,363

As part of the review of the ARUR, as disclosed in note 2(d), GAWB has elected not to charge \$34.3M of the ARUR revenue. The reduction in the value of the ARUR contract asset is shown in operational expenses in 2021.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

4. Profit before income tax (cont.)

	2022	2021
	\$'000	\$'000
Finance costs		
Interest paid	2,143	2,270
Competitive neutrality fee	1,666	1,666
Bank charges	443	404
Total finance costs	4,252	4,340

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset, whereas all other borrowing costs are expensed in the period they occur.

5. Income tax equivalents

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit and loss, except where they relate to items that are recognised in other comprehensive income or directly in equity. Tax assets and liabilities are offset if the underlying taxes relate to the same taxation authority.

(i) Current income tax

As a Statutory Body, GAWB is required to pay income tax equivalents under the National Tax Equivalents Regime (NTER) and is required to adopt tax effect accounting in accordance with AASB 112 Income Taxes. GAWB's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period (2022 and 2021: 30%).

(ii) Deferred income tax

Deferred income tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised, or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

(iii) Offsetting of deferred tax balances

GAWB offsets deferred tax assets and deferred tax liabilities if, and only if:

- GAWB has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

(a) Income tax equivalents expense

	2022	2021
	\$'000	\$'000
Profit before income tax equivalents	18,117	84,261
Income tax equivalents expense calculated at 30%	5,435	25,278
Non-deductible entertainment	2	1
Income tax expense	5,437	25,279
Comprised of movements in:		
Income tax payable	6,932	27,056
Deferred tax asset	(121)	16
Deferred tax liability	(1,374)	(1,793)
Income tax expense	5,437	25,279

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

5. Income tax equivalents (cont.)

b) Income tax payable/(receivable)

	2022	2021
	\$'000	\$'000
Opening balance	24,485	(197)
Charged to income	6,932	27,056
Prior year adjustments	(6)	–
Payments	(14,053)	(2,374)
Closing balance	17,358	24,485

c) Deferred tax assets and liabilities

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to use those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the probable availability of future taxable amounts.

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, plant & equipment	–	–	(90,969)	(84,190)	(90,969)	(84,190)
Intangible assets	8,214	8,077	–	–	8,214	8,077
Trade & other payables	40	41	–	–	40	41
Employee benefits	702	669	–	–	702	669
Lease assets and liabilities	–	15	(4)	–	(4)	15
Revenue received in advance	157	190	–	–	157	190
Tax assets/(liabilities)	9,113	8,992	(90,973)	(84,190)	(81,860)	(75,198)

Movement in temporary differences during the year:

	Balance 1 July 2020	Recognised in income	Recognised in equity	Balance 30 June 2021
	\$'000	\$'000	\$'000	\$'000
Property, plant & equipment	(92,495)	1,793	6,512	(84,190)
Intangible assets	8,010	67	–	8,077
Trade & other payables	49	(8)	–	41
Employee benefits	720	(51)	–	669
Lease assets and liabilities	7	8	–	15
Revenue received in advance	222	(32)	–	190
Movement in temporary differences	(83,487)	1,777	6,512	(75,198)

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

5. Income tax equivalents (cont.)

(c) Deferred tax assets and liabilities (cont.)

	Balance 1 July 2021	Recognised in income	Recognised in equity	Balance 30 June 2022
	\$'000	\$'000	\$'000	\$'000
Property, plant & equipment	(84,190)	1,372	(8,151)	(90,969)
Intangible assets	8,077	137	–	8,214
Trade & other payables	41	(1)	–	40
Employee benefits	669	33	–	702
Lease assets and liabilities	15	(19)	–	(4)
Revenue received in advance	190	(33)	–	157
Movement in temporary differences	(75,198)	1,489	(8,151)	(81,860)

6(a) Cash and cash equivalents

	2022	2021
	\$'000	\$'000
Cash at bank	2,987	2,686
Deposits at Queensland Treasury Corporation, at call	73,028	49,847
Total cash and cash equivalents	76,015	52,533

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash includes cash on hand, deposits at call and term deposits with banks and Queensland Treasury Corporation where maturity is no more than 90 days. Cash at bank is held with bank counterparties, which are rated AA3 based on Moody's 30 June 2022 ratings. Cash assets include all cash and cheques receipted but not banked as at 30 June. Cash at bank earns interest at floating rates based upon daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

6(b) Reconciliation of operating result to net cash from operating activities

	2022	2021
	\$'000	\$'000
Operating profit after income tax equivalents	12,680	58,982
Non-cash items included in operating result:		
Adjustments for: Depreciation	18,968	19,247
Amortisation	1,048	1,284
Re/devaluation of non-current assets	(331)	330
Net loss on disposal of property, plant and equipment	167	274
	32,532	80,117
Change in assets and liabilities:		
Decrease/(increase) in trade and other receivables	38,704	(67,631)
(Increase)/decrease in deferred tax assets	(121)	16
Increase/(decrease) in trade and other payables	363	(46)
Increase/(decrease) in deferred tax liabilities	6,783	(8,305)
(Decrease)/increase in current tax liabilities/(assets)	(7,127)	24,681
Decrease/(increase) in provisions	56	(202)
Increase in borrowing costs	(26)	(1,110)
Decrease in tax regarding asset revaluation surplus	(8,151)	6,512
Net cash from operating activities	63,013	34,032

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

6(c) Reconciliation of liabilities arising from financing activities

	Balance 1 July 2020	Cash Flows	Non-cash changes	Balance 30 June 2021
	\$'000	\$'000	\$'000	\$'000
Long term borrowings	250,378	(3,675)	2,565	249,268
Lease liabilities	1,326	(465)	223	1,084
Long term debt	251,704	(4,140)	2,788	250,352

	Balance 1 July 2021	Cash Flows	Non-cash changes	Balance 30 June 2022
	\$'000	\$'000	\$'000	\$'000
Long term borrowings	249,268	(2,475)	2,449	249,242
Lease liabilities	1,084	(585)	665	1,164
Long term debt	250,352	(3,060)	3,114	250,406

7. Trade and other receivables

	2022	2021
	\$'000	\$'000
Current		
Trade receivables	7,345	5,927
Contract assets	859	–
Other receivables and prepayments	1,009	1,201
Total trade and other receivables	9,213	7,128
	2022	2021 restated
	\$'000	\$'000
Non-current		
Contract assets	25,801	66,591
Total trade and other receivables	25,801	66,591

Receivables are measured at amortised cost which approximates their fair value at reporting date. Trade receivables are recognised at the amounts due at the time of service delivery at the agreed contract price. Settlement of these amounts is required within 30 days from invoice date. Other receivables generally arise from transactions outside of GAWB's usual operating activities and are recognised at their assessed values.

Contract assets arise from contracts with customers and are transferred to receivables in line with the terms of the contract. The ARUR payment terms are set out in the contract with a default commencement date of 1 July 2022. There is a concentration of credit risk with respect to current and non-current receivables as GAWB has a small number of customers. GAWB policy is that water sales are only made to eligible customers. The carrying amount of receivables represents the maximum exposure to credit risk. GAWB's most significant customer accounts for \$1.70 million of trade receivables at 30 June 2022 (2021: \$1.46 million).

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

Ageing analysis of trade receivables at the reporting date:

Trade receivables not impaired

Not due

Overdue <31 days

Overdue 31–60 days

Overdue >60 days

Total

	2022	2021
	\$'000	\$'000
Not due	5,549	5,084
Overdue <31 days	1,793	840
Overdue 31–60 days	–	–
Overdue >60 days	3	3
Total	7,345	5,927

As at 30 June 2022 GAWB had current trade receivables of \$nil (2021: \$nil) that were impaired. All the current net trade receivables that are past due are with long standing customers who have a good payment history.

As at 30 June 2022 GAWB had contract assets of \$nil (2021: \$nil) that were impaired. All contract assets are with long standing customers who have a good payment history.

GAWB manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by monitoring all funds owed on a timely and ongoing basis. Refer to Note 14(b) credit risk for further information.

8. Right of use assets and lease liabilities

Leases as a lessee

GAWB assess whether a contract is or contains a lease, at inception of the contract. GAWB recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as leases of less than \$10,000). For these leases, GAWB recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, GAWB uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments
- Variable lease payments that depend upon an index rate, initially measured using the index or rate at the commencement date
- The exercise of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

GAWB remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to a change in index rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

8. Right of use assets and lease liabilities (cont)

Leases as a lessee (cont)

The estimated useful lives for the current period is as follows:

	2022	2021
Land and Buildings	8–60 years	8–60 years
Motor vehicles	3-5 years	3-5 years

As a practical expedient AASB 16 *Leases* permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. GAWB has used this practical expedient.

Right-of-use assets

Land and buildings

	2022	2021
	\$'000	\$'000
At cost	678	910
Accumulated depreciation and impairment	(64)	(239)
Total land, buildings & improvements	614	671

Motor vehicles

At cost	1,351	1,035
Accumulated depreciation and impairment	(788)	(672)
Total motor vehicles	563	363
Total property, plant and equipment carrying amount	1,177	1,034

Reconciliation

	Land and buildings	Motor vehicles	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2020	786	517	1,303
Additions	5	255	260
Disposals	–	(36)	(36)
Amortisation	(120)	(373)	(493)
Carrying amount at 30 June 2021	671	363	1,034

Reconciliation

	Land and buildings	Motor vehicles	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2021	671	363	1,034
Additions	600	642	1,242
Disposals	(416)	(160)	(576)
Amortisation	(241)	(282)	(523)
Carrying amount at 30 June 2022	614	563	1,177

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

8. Right of use assets and lease liabilities (cont)

Leases as a lessee (cont)

Lease liabilities

Current

Non-current

Total

2022	2021
\$'000	\$'000
402	380
762	704
1,164	1,084

Expenses recognised in profit or loss

Interest expense on lease liabilities

Expenses relating to short-term leases

2022	2021
\$'000	\$'000
41	51
14	–

Total cash outflow for leases

Outflow

2022	2021
\$'000	\$'000
585	465

Leases as lessor

GAWB recognises lease payments from operating leases as income on a straight-line basis over the lease term. These leases relate to land and buildings. Undiscounted commitments under operating leases at reporting date are exclusive of anticipated GST if the GST is recoverable, otherwise they are inclusive and are payable as follows:

Not later than 1 year

Later than one year not later than five years

Later than five years

2022	2021
\$'000	\$'000
418	293
433	324
168	261
1,019	878

During the year ended 30 June 2022, \$0.47 million was recognised as other income in the Statement of Profit and Loss and Other Comprehensive Income in respect of operating leases (2021: \$0.23 million).

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

9. Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, are initially measured at their cost at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition, including costs incurred in getting the assets ready for use. The cost of assets constructed by GAWB includes the cost of investigation and design, all materials used in construction, capitalised borrowing costs and direct labour. The asset recognition thresholds are as follows:

• Land	\$1
• Plant and equipment	\$5,000
• Buildings	\$10,000
• Infrastructure	\$10,000

In accordance with the requirements of AASB 116 *Property, Plant and Equipment*, AASB 13 *Fair Value Measurement* and Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector, land, buildings and improvements and infrastructure assets are measured at fair value less any subsequent accumulated depreciation and subsequent impairment loss where applicable. Assets under construction are measured at cost and are not depreciable until they are commissioned. Minor plant and equipment and motor vehicles are measured at cost.

(ii) Subsequent costs

Subsequent expenditure includes major replacements, overhauls, refurbishment or major inspections and is capitalised if it is probable that the future economic benefits embodied within the expenditure will flow to GAWB and its cost can be measured reliably. Any remaining carrying value of parts replaced, or previous inspections is derecognised on recognition of the subsequent expenditure.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment.

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

Lease liabilities

Buildings and improvements

Infrastructure assets:

Dam structure

Pump stations, reservoirs, pipelines and related plant

Minor plant and equipment

Motor vehicles

	2022	2021
Buildings and improvements	8–60 years	8–60 years
Infrastructure assets:		
Dam structure	40–150 years	40–150 years
Pump stations, reservoirs, pipelines and related plant	10–70 years	10–50 years
Minor plant and equipment	3–20 years	3–20 years
Motor vehicles	4 years	4 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date with movements recognised in profit or loss as applicable.

(iv) Derecognition

Items of property, plant and equipment are derecognised upon disposal or when no further future economic benefits are expected from their use or disposal.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

9. Property, plant and equipment (cont.)

(a) Balances and reconciliation of carrying amount (cont.)

Reconciliation	Land, buildings & improvements	Infrastructure assets	Minor plant & equipment	Motor vehicles	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2020	54,787	643,541	6,423	153	13,851	718,755
Additions	–	–	–	–	9,820	9,820
Disposals	(28)	(6)	(166)	–	–	(200)
Transfer to/(from) assets under construction	651	2,178	3,170	–	(5,999)	–
Transfer from intangible assets	–	–	–	–	(48)	(48)
Depreciation	(1,705)	(16,271)	(1,237)	(27)	–	(19,240)
Write off to Profit and Loss	–	–	–	–	(137)	(137)
Revaluation increment/(decrement)	(1,732)	(20,305)	–	–	–	(22,037)
Carrying amount at 30 June 2021	51,973	609,137	8,190	126	17,487	686,913
Carrying amount at 1 July 2021	51,973	609,137	8,190	126	17,487	686,913
Additions	–	–	–	–	25,629	25,629
Disposals	–	(17)	(52)	–	–	(69)
Transfer to/(from) assets under construction	9,219	7,981	6,722	–	(23,922)	–
Depreciation	(1,671)	(15,968)	(1,302)	(27)	–	(18,968)
Write off to Profit and Loss	–	–	–	–	(160)	(160)
Revaluation increment/(decrement)	2,478	25,024	–	–	–	27,502
Carrying amount at 30 June 2022	61,999	626,157	13,558	99	19,034	720,847

(b) Deemed historical cost

Assets that are revalued include land, buildings and improvements, and infrastructure. The deemed historical cost for these items are as follows:

Land, buildings and improvements, and infrastructure at deemed historical cost

	2022	2021
	\$'000	\$'000
Land	10,153	10,076
Buildings and improvements	44,528	35,386
Infrastructure	422,101	415,769
Total cost	476,782	461,231

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

9. Property, plant and equipment (cont.)

(c) Valuations

As required under AASB 116, GAWB has an obligation to revalue its non-current assets at least every five years.

- GAWB has adopted an income-based approach, where the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, to determine fair value. An allowance against the cost is made for the exhaustion of service potential for the existing item. A comprehensive valuation is conducted annually. Revaluations are brought to account where the existing carrying value differs materially to the current fair value using this income approach. Revaluation increments are credited to the asset revaluation surplus except to the extent that they reverse a revaluation decrement previously recognised in the Statement of Profit and Loss and Other Comprehensive Income. Revaluation decrements are recognised in profit and loss, except to the extent they offset a previous revaluation. In this case the decrement is recorded in the asset revaluation surplus. The net amounts of accumulated depreciation are restated to the revalued amounts.

This approach was applied internally by GAWB as at 30 June 2022 using the following key assumptions and approach:

- GAWB's assets are subject to economic regulation and it is assumed that they will continue to be subject to monopoly price oversight in the future.
- Post-tax cash flows have been projected based on forecasts of prudent and efficient capital expenditure, operating costs and revenue consistent with GAWB's planning projections for the regulatory period to June 2025 covered by the QCA's 2020 Final Report on GAWB's Pricing Practices. Projected post-tax cash flows have then been discounted at the post-tax WACC rate of 4.74%.
- Revenue cash flows for the 2020–2025 regulatory period incorporates an allowance for price rebates provided to certain customers, which generally equates to an amount comprising both return on investment and return of investment for those assets funded by those customers. The terminal value of these customer rebates, at 30 June 2025 have been factored into the cash flows.
- The residual value of assets, which also includes the regulatory allowance for recovery of working capital at 30 June 2025 represents the estimated future cash flows and assumes that throughout the remaining useful life of the assets, there will be alignment with the market view as to both the required rate of return and the costs of operating the assets sufficient to recover the residual value and therefore a multiplier of 1 has been used to reflect this. It is also assumed that any form of future regulation will ensure an owner of these assets will receive a sufficient return on equity after repayment of debt.
- During the 2020 – 2025 pricing monitoring review the QCA recommended aligning the five-year regulatory period and the pricing calculation period, formerly a 20 year period. The QCA recognised that the alignment of both periods will prevent the growth in the under-recovery of revenue. The QCA also recommended that GAWB commence the recovery of revenue related to the dam wall infrastructure, a sum of \$23.1 million, over the life of the asset. GAWB is forecast to commence the recovery of the remaining \$26.66 million, the sum of the nominal dollars over the period, from 2023. The value of the under recovery yet to be recovered at 30 June 2025 is \$25.13 million.
- Any unrealised capital gains from upwards revaluation of non-current assets are excluded from profit when determining the dividend payable for a financial year in accordance with section 660 of the Water Act 2000.
- The fair value measurement for land, buildings & improvements and infrastructure assets of \$688.16 million (2021: \$661.11 million) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. The sensitivity of these fair values to changes in unobservable inputs is assessed as being low, as GAWB's pricing principles and comprehensive valuation are reflective of the QCA's 2020 pricing investigation outcomes.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

9. Property, plant and equipment (cont.)

(c) Valuations (cont.)

There were no changes between levels during the year:

Categorisation of fair values	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
2021				
Land, buildings & improvements	–	–	51,973	51,973
Infrastructure assets	–	–	609,137	609,137
Carrying amount at 30 June 2021	–	–	661,110	661,110
2022				
Land, buildings & improvements	–	–	61,999	61,999
Infrastructure assets	–	–	626,157	626,157
Carrying amount at 30 June 2021	–	–	688,156	688,156

10. Intangible assets

(i) Recognition and measurement

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically, and commercially feasible, future economic benefits are probable, and GAWB intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of professional services, materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Borrowing costs incurred in the development of qualifying assets are recognised in profit or loss. Other development expenditure incurred is recognised in profit or loss.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method.

Software

Software has a finite life and is carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method.

Land reservations and easements

These assets have an infinite life and are carried at cost.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

10. Intangible assets (cont.)

(iii) Amortisation and impairment

Capitalised development expenditure has currently been determined to have remaining expected useful lives of 1 to 9 years. The intangible asset is amortised on a straight-line basis once it is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Intangible assets include costs associated with the development of GAWB's Water Security Strategy (WSS) incorporating the Gladstone to Fitzroy Pipeline Project. The objective of the strategy is to develop and retain the capability to efficiently respond to reasonably foreseeable risks to the adequacy of current water supplies, either through drought or demand. GAWB received the required environmental approvals for the Gladstone-Fitzroy Pipeline in 2012. On this basis, GAWB commenced recognising amortisation of this intangible asset as the asset is capable of operating in the manner intended by management.

Preparation of the Gladstone to Fitzroy Pipeline Project business case continued during 2022. On this basis, this asset is considered not yet capable of operating in the manner intended by management and therefore continues to not be amortised. Software includes an ERP system with a written down value of \$0.32M (2021: \$0.77M) and minor business software assets.

	2022	2021
	\$'000	\$'000
Software		
At cost	5,292	5,545
Accumulated amortisation	(4,731)	(4,459)
Total software	561	1,086
Land reservations		
At cost	29	29
Easements		
At cost	631	631
WSS development costs		
At cost	23,246	23,246
Accumulated amortisation	(23,246)	(23,246)
Total WSS development costs	–	–
Assets under construction		
At cost	5,679	2,422
Total intangible assets	6,900	4,168

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

10. Intangible assets (cont.)

The reconciliation of movement by class for the year are shown below:

	Software	Land reservations	Easements	CSS development costs	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020	1,610	29	631	221	1,416	3,907
Additions	–	–	–	–	1,005	1,005
Transfer to/(from) assets under construction	47	–	–	–	(47)	–
Transfer to property, plant and equipment	–	–	–	–	48	48
Amortisation	(571)	–	–	(221)	–	(792)
Balance at 30 June 2021	1,086	29	631	–	2,422	4,168
Balance at 1 July 2021	1,086	29	631	–	2,422	4,168
Additions	–	–	–	–	3,257	3,257
Amortisation	(525)	–	–	–	–	(525)
Balance at 30 June 2022	561	29	631	–	5,679	6,900

11. Trade and other payables

	2022	2021
	\$'000	\$'000
Current		
Trade creditors	1,940	2,520
Security deposits	37	37
Accruals	4,037	2,940
Revenue received in advance	113	121
Total current trade and other payables	6,127	5,618
Non-current		
Revenue received in advance	412	514
Other	2	1
Total non-current trade and other payables	414	515

Trade creditors and accruals represent liabilities for goods and services provided to GAWB prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within the terms agreed with the supplier. Revenue received in advance primarily relates to grant revenue (refer Note 4a). Due to the short-term nature of trade and other payables, their carrying value is assumed to approximate to their fair value. For more information on GAWB's credit risk management process refer to Note 14(b).

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

12. Loans and borrowings – non-current

All loans and borrowings are initially disclosed at fair value plus any transaction costs directly attributable to the loans and borrowings. Subsequently the loans are held at amortised cost using the effective interest rate method. Interest rates on borrowings range from 0.935% to 0.974%. The Queensland Treasury loans comprise advances made under three loans. All loans comprise a combination of bonds and floating rate debt so that the weighted average term of the underlying cash flows of these instruments matches the weighted average term of the underlying cash flows of GAWB's loans. The loans are used for the normal operations of GAWB and are unsecured.

	2022	2021
	\$'000	\$'000
Queensland Treasury Corporation loans	249,242	249,268

Fair Values

Unless disclosed below the carrying amount (book value) of GAWB's non-current borrowings approximate to their fair value. The fair values have been calculated by discounting the expected future cashflows at prevailing market interest rates and represents the value of the debt if GAWB repaid at that date. As it is the intention of GAWB to hold the debt for its term, no provision is required to be made in these accounts. GAWB's loan with Queensland Treasury Corporation is level 2 on the fair value hierarchy. There were no transfers between levels during the year.

	2022	2021
	\$'000	\$'000
Carrying value	249,242	249,268
Fair value	231,981	250,043

13. Provisions

A provision is recognised if, as the result of a past event, GAWB has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the amount expected at reporting date for which the obligation will be settled in a future period, determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Employee benefits

(i) Short-term benefits

Liabilities for employee benefits for wages, salaries, annual leave and long service leave represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that GAWB expects to pay within 12 months after reporting date including related on-costs, such as workers' compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to GAWB as the benefits are taken by employees.

(ii) Other long-term employee benefits

GAWB's net obligation in respect of long-term employee benefits (long service leave) is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs, such as workers' compensation insurance and payroll tax; that benefit is then discounted to determine its present value. The calculation includes an assumption for expected settlement date based on usage patterns to calculate the provision.

The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximately equivalent to the terms of GAWB's obligations.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

13. Provisions (cont.)

(iii) Superannuation contributions

Liabilities in relation to contributions to superannuation funds (including defined contribution superannuation funds) are recognised as an expense in profit or loss when they are due. Liabilities are recognised in trade creditors (Note 11).

Employee benefits comprise of long service leave, annual leave, purchased leave, TOIL leave and rostered day off provisions. These provisions are categorised as either current or non-current. Provisions are presented as current in the Statement of Financial Position if GAWB does not have an unconditional right to defer settlement for at least twelve months after the reporting date regardless of whether the actual settlement is expected to occur. The benefit provision is calculated through application of a discount calculation to derive the present value of the future payment. GAWB utilises the Millman Group of 100 Discount Rate for this purpose. GAWB expects to settle \$0.70M of annual leave and \$0.06M of long service leave in the next 12 months.

Dividends

A provision for dividends is recognised at the reporting date where the dividends have been declared, determined or recommended by the Directors prior to the reporting date. A corresponding amount is recognised directly in equity. Dividends provided calculations are based on 80% of net profit after an adjustment for revaluation increments/decrements. The effective comparable percentages are 2022 at 80% and 2021 at 80%. All dividends are unfranked. Dividends are declared after reporting date but before the financial statements are authorised for issue.

	2022	2021
	\$'000	\$'000
Current		
Dividend	9,960	10,080
Long service leave	389	464
Annual and other leave	1,325	1,196
Total current provisions	11,674	11,740
Non-current		
Long service leave	461	458
Restoration	125	125
Total non-current provisions	586	583

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

14. Provisions (cont.)

Provision movements

	Dividend		Long service leave		Annual and other leave		Restoration	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current provision	9,960	10,080	389	464	1,325	1,196	–	–
Non-current provision	–	–	461	458	–	–	125	125
Closing balance at 30 June	9,960	10,080	850	922	1,325	1,196	125	125
Opening balance of provision at 1 July	10,080	963	992	997	1,196	1,323	125	125
Payment of provisions	(10,080)	(963)	(154)	(40)	(1,356)	(1,261)	–	–
Movement in provision calculation	9,960	10,080	12	(35)	1,485	1,134	–	–
Closing balance at 30 June	9,960	10,080	850	922	1,325	1,196	125	125

14. Financial risk management

(a) General objectives, policies and processes

GAWB has exposure to credit risk, liquidity risk, interest rate risk and capital management risk from its use of financial instruments. GAWB's financial instruments comprise trade and other receivables, trade and other payables, dividend provision, bank loans and cash and cash equivalents. The Directors have reviewed GAWB's held to maturity financial assets in the light of its capital maintenance and liquidity requirements and have confirmed GAWB's positive intention and ability to hold those assets to maturity.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. GAWB manages its exposure to key financial risks, including credit risk, liquidity risk and interest rate risk, in accordance with its financial policies. The objectives of the policies are to support the delivery of GAWB's financial targets whilst protecting future financial security.

The Board reviews and agrees policies for managing each of the risks summarised below:

(b) Credit risk

Credit risk arises from the financial assets of GAWB, which comprise trade and other receivables. GAWB is exposed to credit risk from the possibility of counter parties to trade and other receivables failing to perform their obligations. GAWB does not hold any credit derivatives to offset its credit exposure. The level of exposure is disclosed in the Statement of Financial Position and in Note 7 with the carrying amount stated net of any provision for impaired debts.

(c) Liquidity risk

GAWB is exposed to liquidity risk in respect of its payables and borrowings from Queensland Treasury Corporation for capital works. Water sales are on a contracted basis to customers with payments monitored for compliance with contract terms. GAWB manages liquidity risk through the use of a liquidity management strategy which aims to reduce the exposure to risk by ensuring GAWB has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring maximum levels of cash are at hand to match the expected duration of various employee and supplier liabilities.

Funding arrangements are in place with Queensland Treasury Corporation which will allow sufficient funding to cover planned requirements within GAWB's corporate planning period. New borrowings are subject to an approved loan program with the sanction of the Treasurer of Queensland. GAWB has access to a \$10,000,000 (2021: \$10,000,000) working capital facility provided through Queensland Treasury Corporation. This facility was not drawn upon during the financial year. The working capital facility may be drawn down at any time but may be terminated by QTC without notice. Of the loan facilities, \$249.24 million is fully drawn and has a maturity of 20 years (2021: \$249.27 million).

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

14. Financial risk management (cont.)

(c) Liquidity risk (cont.)

Maturity analysis	Fixed interest maturing in:			Floating interest rate	Non interest bearing	Total
	1 year or less	1 to 5 years	Over 5 years			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2021						
Financial liabilities						
Trade and other payables	–	–	–	–	5,497	5,497
Interest-bearing liabilities	2,475	50,977	207,164	–	–	260,616
Lease liabilities	380	628	76	–	–	1,084
Dividend provision	–	–	–	–	10,080	10,080
Total	2,855	51,605	207,240	–	15,577	277,277
2022						
Financial liabilities						
Trade and other payables	–	–	–	–	6,014	6,014
Interest-bearing liabilities	2,418	50,422	207,164	–	–	260,004
Lease liabilities	402	687	75	–	–	1,164
Dividend provision	–	–	–	–	9,960	9,960
Total	2,820	51,109	207,329	–	15,974	277,142

The risks implied in the table above reflect a balanced view of cash inflows and outflows.

Interest bearing loans and borrowings relate to Queensland Treasury Corporation borrowings which are interest only with no fixed repayment date for the principal component. For the purposes of completing the maturity analysis, the principal component of these loans has been included in the more than five-year time band with no interest payment assumed in this time band.

All trade and other payables due in >1 year are grant revenue received in advance. The revenue received is offset against the costs in the years in which it is incurred. All other trade payables and other financial liabilities originate from the ongoing operations of GAWB.

To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, GAWB has established comprehensive risk reporting that reflects expectations of management of settlement of financial assets and liabilities.

GAWB monitors rolling forecasts of liquidity reserves on the basis of expected cash flow.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows for financial instruments will fluctuate because of changes in market interest rates. This applies specifically to cash and cash equivalents and loans and borrowings held by GAWB.

Interest on the QTC cash fund deposits is received at variable interest rates. However, these balances are subject to an insignificant risk of changes in value.

GAWB is exposed to the risk of interest rate movements within and between each five-year regulatory period on differences between the cost of debt being recovered in customer prices and the cost of debt for any borrowings made. To minimise the uncertainty of this risk, GAWB employs the following debt management strategies:

- For borrowings existing at the commencement of the regulatory period, the resetting of the debt is aligned with the regulatory pricing period.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

15. Financial risk management (cont.)

(d) Interest rate risk (cont.)

- For forecast borrowings within the regulatory period, GAWB considers the likelihood and timing of the forecast borrowings and where appropriate enters into forward starting loan arrangements with QTC which lock in the interest rate for these forward borrowings.

GAWB, is not subject to the risk of interest rate movements as the cost of debt for existing and additional borrowings are aligned with the current regulatory pricing period.

Without alignment, the effect of changes in interest rate risk of more or less than 100 basis points is shown in the sensitivity analysis below:

	Carrying amount	Interest rate risk			
		-100 bpts		+100 bpts	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
2021					
Cash at bank	2,686	-	-	-	-
Deposits at Queensland Treasury Corporation, at call	49,847	(498)	(498)	498	498
2022					
Cash at bank	2,987	-	-	-	-
Deposits at Queensland Treasury Corporation, at call	73,028	(730)	(730)	730	730

(f) Capital risk management

GAWB manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. GAWB considers its capital to comprise its contributed equity, asset revaluation surplus and accumulated retained earnings.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

15. Commitments and contingencies

Capital and other commitments

Capital expenditure commitments (excluding GST) contracted for but not provided for and payable:

	2022	2021
	\$'000	\$'000
Amounts to be expensed:		
Not later than one year	11,605	11,207
Later than one year, but not later than five years	–	–
More than five years	–	–
	11,605	11,207

Contingent assets and liabilities

As at the date of these financial statements, the Board is not aware of any material contingent assets or liabilities.

16. Auditors' remuneration

	2022	2021
	\$'000	\$'000
Audit services		
Queensland Audit Office		
Audit and review of financial reports	95	92

For the 30 June 2022 audit, the amount quoted for the audit fee was \$0.09 million (2021: \$0.09 million). There are no non-audit services included in these amounts.

17. Director, key executive management personnel and related party disclosures

Shareholding Ministers

GAWB's responsible Minister is identified as part of GAWB's key management personnel (KMP), and this is the Minister for Regional Development and Manufacturing and Minister for Water. Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. GAWB does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers are disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements for 2022, which are published as part of Queensland Treasury's Report on State Finances.

Directors emoluments

Directors are appointed under the Water Act 2000 and the compensation for each director is set by the Minister in line with s624 of the *Water Act 2000*.

Specified Executives

Compensation for the CEO was approved by the Board with compensation for the other key executive management personnel endorsed by the Board on the recommendation of the CEO having regard to GAWB's employee remuneration policy and government guidelines. It includes:

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

18. Director, key executive management personnel and related party disclosures (cont.)

- Short term employee benefits, consisting of:
 - Salary, allowances and leave entitlements, expected to be used within 12 months, paid and provided to KMP during the year while they were a KMP, that were recognised as expenses in the Statement of Profit and Loss and Other Comprehensive Income;
 - Non-monetary benefits in the form of salary packaging, including the provision of a motor vehicle (including the associated fringe benefits tax), less any business use cost.
- Long term employee benefits, consisting of long service leave accrued.
- Post-employment benefits, consisting of superannuation contributions to accumulation funds.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide for notice periods and payments on termination only.

Director compensation included the following:

Directors	Appointment/ (Cessation) Date	Short term benefits Directors' fees \$'000	Post-employment benefits Superannuation \$'000	Total remuneration \$'000
Mrs Maxine Brushe (Chair)	22 August 2019			
2022		62	6	68
2021		61	6	67
Mrs Aurelia Noran	22 August 2019			
2022		35	3	38
2021		35	3	38
Professor Poh-Ling Tan	22 August 2019			
2022		32	3	35
2021		33	3	36
Mr Peter Masters	29 June 2021			
2022		32	3	35
2021		–	–	–
Mrs Tina Zawila	9 December 2021			
2022		16	2	18
2021		–	–	–
Total Remuneration				
2022		177	17	194
2021		129	12	141

No non-monetary benefits, long term employee benefits or termination benefits were paid to any directors.

Mr Mitchell Petrie was appointed as an independent member of the Audit and Risk Committee on 24 June 2021 (remuneration 2022: \$11,400, 2021: \$5,000).

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

17. Director, key executive management personnel and related party disclosures (cont.)

Key executive management personnel compensation

Position	Contract expiry date / (termination date)	Short term employee benefits	Other long-term benefits	Post-employment benefits	Total remuneration
		\$'000	\$'000	\$'000	\$'000
Mr D Barlow (CEO)	19 March 2028				
2022		560	9	27	596
2021		453	7	22	482
Mr H Barbour (CFO to 30 May 2021, COO GFP Project from 31 May 2021)	Tenure				
2022		331	12	26	369
2021		276	8	21	305
Mrs R Bates (Chief Governance Officer)	(16 September 2022)				
2022		261	6	22	289
2021		219	4	18	241
Mr S Naidoo (General Manager Network)	(14 January 2022)				
2022		138	–	14	152
2021		211	–	19	230
Ms C Byers (General Manager People and Culture)	Tenure				
2022		257	4	22	283
2021		213	3	18	234
Mr G Clarke (General Manager Capital Planning and Delivery)	(1 July 2022)				
2022		226	(2)	24	248
2021		177	2	17	196
Mrs A Moody (CFO from 31 May 2021)	Tenure				
2022		285	7	24	316
2021		23	1	2	26
Mr G Harsh (Acting General Manager Network)	(29 July 2022)				
2022		112	4	10	126
2021		–	–	–	–
Mr R Elliot (General Manager Aquaculture Gladstone)	18 April 2025				
2022		51	3	4	58
2021		–	–	–	–
Total Remuneration					
2022		2,221	43	173	2,437
2021		1,572	25	117	1,714

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

17. Director, key executive management personnel and related party disclosures (cont.)

Mr R Stephenson commenced as General Manager Capital Planning and Delivery on 29 June 2022. Mr S Wikman commenced as General Manager Network on 11 July 2022.

The CEO is responsible for the leadership and overall management of GAWB.

The CFO is responsible for the financial management of GAWB including the following functions within GAWB - procurement, land management (including environment), facilities management, legal, regulatory and technology.

The COO GFP Project is responsible for the progression of the Gladstone to Fitzroy Project to government approval.

The Chief Governance Officer provides support to the Board on corporate governance practices, director's duties, and their legal responsibilities. The role is also responsible for GAWB's Governance, Risk Management, Compliance, Internal Audit and Safety functions.

The General Manager People and Culture is responsible for organisational culture strategies and initiatives and the HR functions of GAWB.

The General Manager Capital Planning and Delivery is responsible for the planning and delivery of GAWB's capital projects. This role also includes engineering services.

The General Manager Network is accountable for the reliability of GAWB's water network and the delivery of water to customers.

The General Manager Aquaculture Gladstone is responsible for the management of the Aquaculture Gladstone facility at Awoonga Dam.

Key executive management personnel performance bonuses

A performance bonus was paid on 5 October 2021 to the CEO, CFO, COO GFP Project, General Manager Network, General Manager People and Culture, General Manager Capital Planning and Delivery and Chief Governance Officer. In the prior year, a performance bonus was paid on 14 November 2020 to the CEO, CFO and Chief Governance Officer. Performance bonuses are recognised as an expense during the year they are paid. Bonuses have been discontinued from 1 July 2021 and base salaries adjusted to market rates.

\$50,000 to \$59,999

\$40,000 to \$49,999

\$30,000 to \$39,999

\$20,000 to \$29,999

\$10,000 to \$19,999

\$0 to \$9,999

Total

	2022	2021
	Number	Number
	–	–
	–	1
	1	–
	5	2
	–	–
	1	–
	7	3

Transactions with directors and director related entities

During the financial year GAWB has dealt with no directors or director related entities.

Transactions with key executive management personnel and key executive management personnel related entities

The terms and conditions of the transactions with key executive management personnel (KEMP) and key executive management personnel related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key executive management personnel related entities on an arm's length basis.

From time to time, KEMP of GAWB or their related entities, may purchase goods from GAWB. These purchases are on the same terms and conditions as those entered into by other employees of GAWB or suppliers and are minor or domestic in nature.

Transactions with Government-related entities

GAWB transacts with other State of Queensland controlled entities. All material transactions are negotiated on terms equivalent to those that prevail in an arms-length transaction.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

Revenue

Water revenue received from CS Energy
 Water revenue received from Gladstone Ports Corporation
 Interest received from QTC

Total revenue

	2022	2021
	\$'000	\$'000
	2,573	12,612
	1,135	1,552
	363	262
	4,071	14,426

Expenditure

Interest, loan fees and account fees on QTC borrowings and accounts
 Dividend, NTER, Payroll Tax, Rates equivalent and competitive neutrality fee paid to Queensland Treasury
 Electricity payments to State of Queensland controlled entities
 QSuper
 Department of Resources
 Other

Total expenses

	2,537	2,618
	26,656	5,834
	376	331
	1,188	1,096
	2,980	1,097
	350	365
	34,087	11,341

Amounts receivable from and payable to directors and their director related entities at the reporting date comprise:

Receivables

CS Energy
 Gladstone Ports Corporation
 Advance facility held with QTC

Total payables

	2022	2021
	\$'000	\$'000
	10,144	10,193
	583	708
	73,027	49,847
	83,754	60,748

Payables

Borrowings from QTC
 Accrued interest and fees payable to QTC
 Trade creditors to State of Queensland controlled entities

Total payables

	249,242	249,268
	173	181
	638	76
	250,053	249,525

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

18. Climate risk

GAWB considers specific financial impacts relating to climate related risks by identifying and monitoring material accounting judgements and estimates used in preparing the financial report. This includes the potential for changes in asset useful lives, changes in the fair value of assets, provisions or contingent liabilities and changes in expenses and revenue.

GAWB has not identified any material climate risks relevant to the financial report at the reporting date. GAWB continues to monitor the emergence of such risks under the Queensland Government's Climate Transition Strategy and Climate Action Plan 2030.

No adjustments to the carrying value of recorded assets or other adjustments to the amounts recorded in the financial statements were recognised during the financial year.

19. Events after reporting period

To date, no other events have occurred subsequent to balance date that materially impact on these financial statements.

Management certification of the financial statements

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:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Gladstone Area Water Board for the financial year ended 30 June 2022 and of the financial position of the Gladstone Area Water Board at the end of that year; and
- (c) 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.



M. Brushe
Chair



D. Barlow
Chief Executive Officer



A. Moody
Chief Financial Officer

Gladstone Area Water Board
7 October 2022

Independent Auditor's Report

TO THE BOARD OF GLADSTONE AREA WATER BOARD

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Gladstone Area Water Board

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 *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 profit and loss and other 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.

Other information

Other information comprises financial and non-financial information (other than the audited financial report).

Those charged with governance is responsible for the other information.

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the entity for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Independent Auditor's Report (cont.)

TO THE BOARD OF GLADSTONE AREA WATER BOARD

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.

7 October 2022



Bhavik Deoji
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

APPENDIX 1

Government body summary

Name of Government body: Gladstone Area Water Board					
Act or instrument	<i>Water Act 2000 (Qld)</i> – section 1084.				
Functions	Principally the ownership, management, operation and maintenance of dams, treatment plants, pipelines and other bulk water distribution infrastructure, hatchery and dam recreational areas and any other occupation incidental thereto.				
Achievements	Refer to Message from the Chair & CEO (pages 7-8).				
Financial reporting	Financial results are presented in the financial statements. GAWB is not exempt from a financial statement audit by the Auditor-General.				
Remuneration as at 30 June 2022					
Position	Name	Meetings/sessions attendance	Approved annual, sessional or daily fee ¹	Approved sub-committee fees if applicable ¹	Actual fees received ²
Chair	Maxine Brushe	Board: 12 Audit and Risk Committee: 4 FGP Project Committee: 6 Remuneration Committee: 9	\$55,000	\$3,000 per committee	\$67,658
Director	Poh-Ling Tan	Board: 11 Audit and Risk Committee: 3 ³ Remuneration Committee: 9	\$27,500	\$3,000 per committee	\$34,679
Director	Aurelia Noran	Board: 12 Audit and Risk Committee: 4 FGP Project Committee: 6	\$27,500	\$4,000 per committee	\$37,984
Director	Peter Masters ⁴	Board: 10 Audit and Risk Committee: 2 Remuneration Committee: 9	\$27,500	\$3,000 per committee	\$34,563
Director	Tina Zawila ⁵	Board: 7 Audit and Risk Committee: 2	\$27,500	\$3,000 per committee	\$17,625
Member	Mitchell Petrie	Audit and Risk Committee: 4 FGP Project Committee: 6	N/A ⁶	N/A	\$11,400
No. scheduled meetings/sessions	Board: 12 ⁷ Fitzroy to Gladstone Pipeline Project Committee: 6		Audit Committee: 4 Remuneration Committee: 9		
Total out of pocket expenses	\$1,874				

- Board and Committee fees are pro-rated where the director was not a member for the full year.
- Actual fees received include approved fees plus superannuation of 10%. Actual fees also include payment of approved sub-committee fees attributable to the 2021-22 period.
- Prof. Tan ceased being a member of the Audit and Risk Committee on 24 February 2022.
- Director Masters was appointed a member of the Audit and Risk Committee on 24 February 2022.
- Director Zawila was appointed to the Board on 9 December 2021 and appointed a member of the Audit and Risk Committee on 24 February 2022.
- Mr Petrie was appointed an independent member of the Audit and Risk Committee and the Fitzroy to Gladstone Pipeline Project Committee by the GAWB Board, not the Governor-in-Council.
- There were 8 ordinary board meetings and 4 special board meetings held during 2021-22.

APPENDIX 2

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 3
Accessibility	<ul style="list-style-type: none"> Table of contents Glossary 	ARRs – section 9.1	Page 4 Page 73
	<ul style="list-style-type: none"> Public availability 	ARRs – section 9.2	Page 2
	<ul style="list-style-type: none"> Interpreter service statement 	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	Page 2
	<ul style="list-style-type: none"> Copyright notice 	<i>Copyright Act 1968</i> ARRs – section 9.4	Page 2
	<ul style="list-style-type: none"> Information Licensing 	<i>QGEA – Information Licensing</i> ARRs – section 9.5	Page 2
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs – section 10	Pages 5, 12
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	Page 12
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 11.2	Pages 9-12
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs – section 11.3	Pages 13-22
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 12.1	Pages 9, 32
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 13.1	Page 23
	<ul style="list-style-type: none"> Executive management 	ARRs – section 13.2	Page 24-25
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs – section 13.3	Page 70
	<ul style="list-style-type: none"> Public Sector Ethics 	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	Page 31
	<ul style="list-style-type: none"> Human Rights 	<i>Human Rights Act 2019</i> ARRs – section 13.5	Page 31

Summary of requirement		Basis for requirement	Annual report reference
Governance – risk management and accountability	• Risk management	ARRs – section 14.1	Page 30
	• Audit committee	ARRs – section 14.2	Page 28
	• Internal audit	ARRs – section 14.3	Page 31
	• External scrutiny	ARRs – section 14.4	Page 31
	• Information systems and record keeping	ARRs – section 14.5	Page 31
	• Information Security attestation	ARRs – section 14.6	Page 31
Governance – human resources	• Strategic workforce planning and performance	ARRs – section 15.1	Page 19
	• Early retirement, redundancy and retrenchment	Directive No.04/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	Pages 19-20
Open Data	• Statement advising publication of information	ARRs – section 16	Page 31
	• Consultancies	ARRs – section 33.1	https://data.qld.gov.au
	• Overseas travel	ARRs – section 33.2	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 – section 38, 39 and 46 ARRs – section 17.1	Page 67
	• Independent Auditor’s Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	Page 68-69

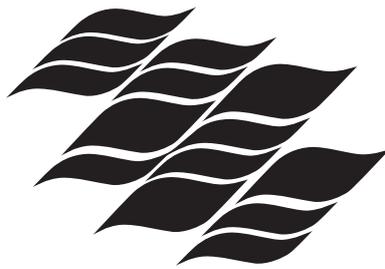
FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2019*

ARRs *Annual report requirement for Queensland Government agencies*

Glossary

Board	GAWB's Board of Directors
BOOT	Better Off Overall Test
CCC	Crime and Corruption Commission
CCF	Community Consultative Forum
DRDMW	Department of Regional Development, Manufacturing and Water
DMP	Drought Management Plan
DWQMP	Drinking Water Quality Management Plan
ECI	Early Contractor Involvement
EOI	Expression of Interest
FGP	Fitzroy to Gladstone Pipeline
FTE	Full Time Equivalent
GAWB	Gladstone Area Water Board
ICT	Information and Communication Technologies
ISO	International Organisation for Standardization
KPI	Key Performance Indicator
MSQ	Maritime Safety Queensland
Minister	Minister for Regional Development and Manufacturing and Minister for Water
ML	Megalitres
ML p.a.	Megalitres per annum
PMF	Project Management Framework
QCA	Queensland Competition Authority
QTC	Queensland Treasury Corporation
Recreational Strategy	Lake Awoonga Recreational Strategy
Water Act	<i>Water Act 2000 (Qld)</i>
WSS	<i>Water Security Strategy</i>



**Gladstone Area
Water Board**

www.gawb.qld.gov.au

GAWB appreciates feedback from readers of the annual report. Please contact our Chief Governance Officer on (07) 4976 3000 or email gawb@gawb.qld.gov.au.