

GLADSTONE AREA WATER BOARD

Annual Report

2019-20



About **this report**

THIS ANNUAL REPORT REFLECTS ON GLADSTONE AREA WATER BOARD (GAWB)'S ACHIEVEMENTS, FINANCIAL AND NON-FINANCIAL PERFORMANCE AND THE EXTENT TO WHICH WE HAVE MET OR EXCEEDED OUR PERFORMANCE MEASURES FOR THE YEAR ENDED 30 JUNE 2020.

It aims to provide information to the Minister for Natural Resources, Mines and Energy (Minister), Queensland Parliament, other stakeholders and customers 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:

- *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 Chief Governance Officer 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

GAWB respectfully acknowledges the Traditional Owners of the lands on which we operate and recognise their continuing connection to land, water and community. We pay our respects to their Elders past, present and emerging.



**Gladstone Area
Water Board**

27 August 2020

The Honourable Dr Anthony Lynham MP
Minister for Natural Resources, Mines and Energy
PO Box 15216
CITY EAST QLD 4002

Dear Minister

I am pleased to present the Annual Report 2020 and financial statements of 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*; and
- the detailed requirements set out in the *Annual Report Requirements for Queensland Government Agencies*.

A checklist outlining the annual reporting requirements can be found at page 72.

Yours sincerely

Maxine Brushe
Chair

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The way we work

GLADSTONE AREA WATER BOARD (GAWB) IS A QUEENSLAND GOVERNMENT-OWNED WATER AUTHORITY DELIVERING RAW AND TREATED WATER TO OUR CUSTOMERS 24 HOURS A DAY, 365 DAYS A YEAR.

We know that water is vital to our region’s way of life, economic prosperity and continued growth - it is an essential service that we have proudly delivered to the people of Gladstone for more than 40 years.

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)*.

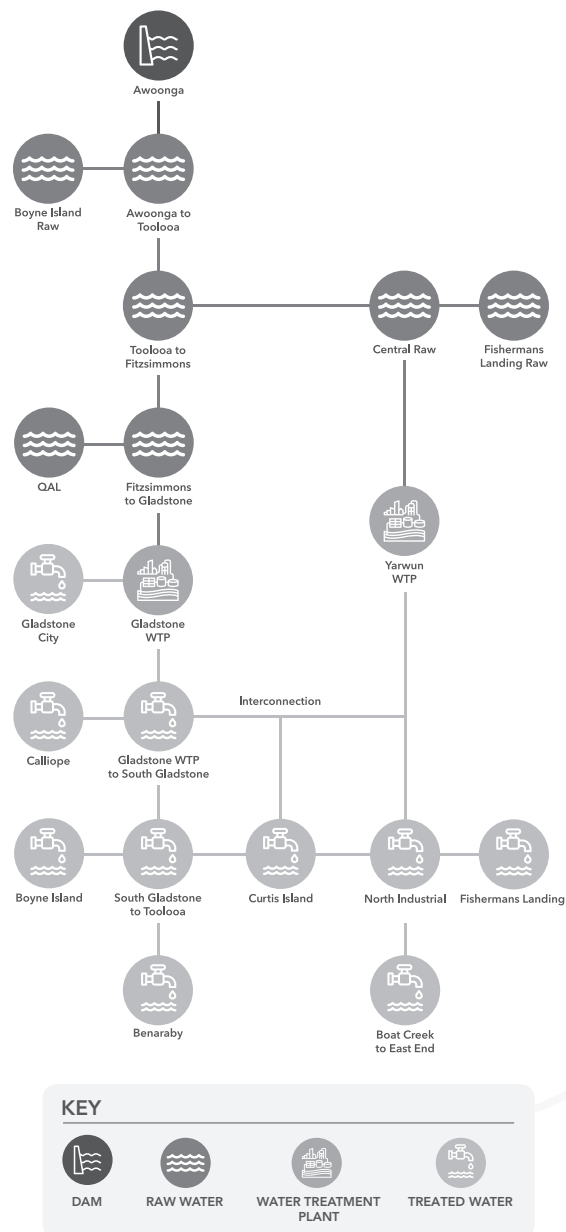
Who we are

GAWB owns and operates Awoonga Dam on the Boyne River along with a network of delivery pipelines, water treatment plants and other bulk water distribution infrastructure. Our area of operations and key assets are set out in Figure 1.

GAWB has a water allocation of 78,000 mega litres per annum (ML p.a.) from Awoonga Dam, granted under the Water Act, and is a bulk water supplier to the Gladstone region. This means we can extract a maximum of 78,000 ML p.a. from Awoonga Dam for supply to customers. We play a significant role in the economic sustainability of the Queensland economy due to the diverse, export-orientated industries located in the region.

In addition to the supply and transportation of bulk water, GAWB provides important services to the community, including catchment management, a fish hatchery and recreational facilities. Our corporate head office is located in Gladstone and we are proud that 93 per cent of our workforce are local residents.

Figure 1



Our **business goals**



GOAL 1: MEETING WATER NEEDS

To understand, facilitate and effectively deliver the water requirements of current and future customers through initiatives related to security, reliability, quality and price.



GOAL 2: COMMERCIAL RESULTS

To ensure GAWB's profitability and build the value of the business.



GOAL 3: CORPORATE RESPONSIBILITY

To commit to improving the economic well-being of the Gladstone community, our people and the environment through GAWB's services and the operation and maintenance of its assets.



GOAL 4: CAPABILITY

To provide sustainable outcomes by investing in our people, effectively managing our resources and risk, maintaining systems and sharing knowledge.

Our strategic direction

In 2018 the Board of Directors (Board) commissioned a strategic development process to review the organisation's operational and strategic goals to ensure GAWB's long-term success as the region's bulk water supplier. The first step in this process was the development of a new Vision, Mission and Values that better reflects the purpose of our business and our desired culture.

The new Vision, Mission and Values were established and embedded throughout 2019-20. The remainder of the strategic development process was also completed with the Board approving a 5-year strategic plan, which came into effect on 1 July 2020.

GAWB's 2020-25 Strategic Plan contains key strategies across four areas of focus for the business, underpinned by a strong organisational culture.

OUR STRATEGIC OBJECTIVES

1

Safe, resilient and reliable water supply

3

Skilled and responsive workforce

2

High customer and community satisfaction

4

Operational sustainability

Strong organisational culture underpinning and enabling our strategic plan.

OUR VISION

Together delivering safe and reliable water services to enhance the livability 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 the economic development and enhances the lifestyle of regional Queensland.

OUR VALUES



ONE TEAM

We Work Together. Always.



SAFETY & WELLBEING

We Look After Ourselves. And Each Other.



ENGAGE

We All Contribute. Openly.



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 2019-20. THE FOCUS FOR THE YEAR WAS BUSINESS TRANSFORMATION AND ORGANISATIONAL EFFICIENCY TO ENSURE WE ARE DELIVERING VALUE FOR MONEY FOR OUR CUSTOMERS.

Over the last two years GAWB has undertaken a thorough strategic business review. The purpose of the review was to understand how GAWB can be better positioned to respond to the needs of our customers, operate more efficiently, develop and attract new talent to the region and respond to external factors such as drought.

The final quarter of 2019-2020 signaled the completion of both the strategic review process and the 2020-2025 price monitoring review.

I am confident that the work of the last 12 months has set the foundations for what will be a productive, value adding future for GAWB.

The year in review

2019-2020 has seen a continuation of our efforts to build a culture that is responsive, customer centric and high performing at all levels, in spite of the challenging operational environment arising from COVID-19.

Response to COVID-19

As is the situation with businesses across the world, the final quarter of this year has been overshadowed by the COVID-19 pandemic. GAWB is fortunate in that the impact on our operations, and most importantly the health and wellbeing of our employees, has been minimal. At the end of March, in response to the pandemic, we transitioned to a remote work approach that saw the entirety of our office based staff working from home for the first time in our history, while our water operators and field staff worked in isolation for almost three months.

The Board is extremely proud of the way the Chief Executive Officer and Executive Leadership Team managed the response to this unprecedented public health emergency. Our employees are also to be commended for their agility in transitioning to their new working arrangements and ensuring the business was able to continue to deliver safe and reliable water to our customers.

In recognition of the impact of COVID-19 to the State economy, the production costs of this year's Annual Report have been minimised through simplification of design whilst focusing on ensuring the quality of the content is maintained.

Price monitoring review

Another achievement to be recognised is the conclusion of the Queensland Competition Authority (QCA)'s price monitoring review and the determination of customer prices for a five year period commencing 1 July 2020. In contrast to previous reviews, our submission was developed internally. This represented a significant commitment for an organisation of our size but has provided our employees with knowledge and maturity surrounding the regulatory process, enhanced capability with respect to long-term planning and greater ownership of the outcome. The Final Report issued by the QCA was reflective of the hard work and quality of our submission, with the QCA accepting the entirety of our forecast capital expenditure, with the exception of one project. A four per cent adjustment was made to our proposed revenue allowance. The Board acknowledges there will be pricing impacts to some customers from the QCA decision and we will work closely with those customers over the coming months.

2020-25 Strategic Plan

In March 2020, the Board approved a new five year Strategic Plan. This was the culmination of a comprehensive program of activities that commenced with the review of our vision, mission and values. Our 2020-25 Strategic Plan guides our organisational direction through the next five years to continue our transformation into a responsive, values driven organisation that is focused on delivering safe and reliable water services that enhance the liveability of our region.

With a strong organisational culture underpinning and enabling our Strategic Plan, we have identified four key focus areas:

1. Safe, resilient and reliable water supply
2. High customer and community satisfaction
3. Skilled and responsive workforce
4. Operational sustainability

Water security strategy

With the Gladstone Region officially drought declared, we have been working closely with the Queensland Government throughout the year to progress activities required for GAWB to secure a second water source from the lower Fitzroy River. The construction of the Gladstone-Fitzroy Pipeline is critical to ensuring we are able to continue to meet the water needs of our customers, who contribute to the local and State economy through direct and indirect employment as well as the payment of royalties.

Financial performance

It is pleasing to report that we have been able to achieve a Net Profit After Tax of \$0.70 million. This means that we will be able to pay a dividend to the Queensland Government, which is particularly important given the financial impact arising from COVID-19.

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. Since our appointment in August 2019, we have received extensive and comprehensive briefings on all aspects of GAWB's operations, including site tours and development opportunities, which has been immensely valuable to expanding our knowledge of the business.

We would also like to acknowledge our responsible Minister, Dr Anthony Lynham MP and the Department of Natural Resources, Mines and Energy for their ongoing support and engagement throughout the year.

Our focus for 2020-21

As we commence the outworking of our Strategic Plan, our significant priorities for next year will include the advancement of the Water Security Strategy, the implementation of a Climate Change Strategy as well as the commissioning of several significant projects including our new hatchery facility and the Pikes Crossing emergency muster point. Being mindful of the challenging economic conditions, we will also continue our close engagement with our customers, stakeholders and community to provide our support where possible.



Maxine Brushe
Chair

A message from **the CEO**

DURING 2019-20 WE CONTINUED GAWB'S EXCITING TRANSFORMATIONAL JOURNEY.

While there are many initiatives underway across our business, they all support a common goal and that is to ensure that GAWB is a high performing and responsive water provider that supports our customers, community and people. Our mission is to provide an essential service that promotes the economic development and enhances the lifestyle of regional Queensland, and we are building the foundations to do just that.

High performance culture

In early 2020, we conducted a comprehensive review of GAWB's operating profile to better understand how our business structure can best support the organisational culture we are seeking to build.

As a result of this review, a whole of business restructure commenced in March 2020. Our operating profile now reflects that of a standard water utility, with five core Business Units:

1. People & Culture
2. Governance, Risk & Compliance
3. Corporate Services
4. Capital
5. Network

Our new operating profile allows us to focus on our core business – the delivery of high quality, high reliability water services to our customers and our community, 24 hours a day, 365 days a year. The elevation of 'People & Culture' into a core Business Unit reflects the importance of organisational culture and our goal to enhance our approach to human resources, employee engagement, organisational development, performance management and leadership.

With our Vision, Mission and Values now firmly established we have implemented a new Code of Conduct, along with a revised Performance Management Framework. This sustained effort to improve our approach to people and culture is part of our commitment to retaining skilled talent in the region and strengthening our Employee Value Proposition.

Employee engagement

GAWB participated in the Working for Queensland Survey for the second time in 2019, recording promising improvements across all seven workplace climate indices measured in the survey. More than three quarters of the workforce reported satisfaction with their job, proving that our culture change program is leading to positive results.

Our People & Culture Team continue the roll out of the Employee Engagement and Alignment program, addressing the opportunities for improvement identified in the survey outcomes.

Responding to stakeholder needs

As a result of the 2020-2025 Queensland Competition Authority (QCA)'s price monitoring review, we have created a long-term stakeholder engagement model that has transformed our business into an agile and more responsive service provider. Our Deliberative Customer Engagement Model and Community Consultative Forum enabled us to consult with our customers and stakeholders from the local community on the process, seek their views on ways we could improve our operations and enhance the liveability of the region. This is a marked difference from previous QCA price reviews.

An example of this positive engagement and collaboration is the Lake Awoonga Recreational Strategy (Recreational Strategy) which was developed based on feedback received directly from our Community Consultation Forum. The Recreational Strategy will see us investing more than \$7 million to enhance our recreational facilities over the next five years.

Another important collaborative initiative during 2019-20 was the consultation held with our customers as part of the revision of our Drought Management Plan (DMP). Approved by the Board in June 2020, the revised DMP balances the needs of different stakeholders and provides a clear action plan that can be implemented in response to drought conditions.

Safety leadership

Nothing is more important to us than the health and safety of our employees, our community and our contractors. Safety and wellbeing is not just a priority at GAWB – it is one of our core values.

Everyone who works for us, or with us, has an important part to play in making GAWB a safe place to work. We expect people to take personal responsibility in three areas:

1. to comply with all relevant policies, procedures and legislative requirements
2. to intervene or stop work if an unsafe working condition is identified
3. to respect fellow workers and the communities in which we work.

Over the last 12 months we have focussed on building GAWB's safe work culture, developing effective safety management frameworks and improved safety leadership at all levels.

Ensuring dam safety

Over the next five years, GAWB plans to invest nearly \$170 million in capital works. Our largest single capital project for the next regulatory period is to upgrade the Awoonga Dam spillway to meet dam safety standards for extreme weather events. GAWB expects to spend approximately \$60 million to complete these works.

Response to COVID-19

During the year, the COVID-19 pandemic significantly impacted business operations, and indeed our entire way of life. Throughout the evolving, unprecedented set of circumstances, the safety of our employees and visitors to our recreational facilities has been our fundamental priority. As an organisation we took proactive steps to protect our people and the community, which you can read about throughout the report.

We are now supporting economic recovery efforts in the region. We have partnered with other local organisations to deliver a Business Continuity Training program to small to medium enterprises in the Gladstone region. We have also assisted our tenants by providing rent relief, in recognition of the impact that COVID-19 has had on their businesses.

2020 to 2025: the path forward

The next five years will see the culmination of a major planning, development and transformation effort.

Our goal for the next 12 months is to continue our change and transformation journey as we strive to become a customer focused water provider that supports the economic growth of Central Queensland.

Undoubtedly, we are not immune to the challenges created during these uncertain times. Like the rest of Queensland, we must contend with the impacts of drought and climate change along with ever changing economic conditions.

Nevertheless, GAWB remains committed to delivering safe and reliable water services that enhances the liveability of our region, now and into the future.

Thank you.



Darren Barlow
Chief Executive Officer

Non-financial key performance indicators

KEY PERFORMANCE MEASURE	TARGET	ACTUAL	ACHIEVED / NOT ACHIEVED
Business Goal – Meeting Water Needs			
System Water Losses:			
• Raw water network	<6%	4.5%	Achieved
• Potable water network	<3%	2.4%	
Compliance with Drinking Water Quality Plan	100%	100%	Achieved
Business Goal – Corporate Responsibility			
Lost time injuries	≤ 2	0	Achieved
Notifiable safety incidents (workers)	≤ 2	1	Achieved
Compliance with Dam Safety Compliance Statement (DSCS) issued by the regulator	100%	100%	Achieved
Breaches of environmental legislation and standards or ROL requirements	Nil	1	Not Achieved ¹
Business Goal - Capability			
Staff retention rate	<85%	89%	Achieved
Compliance with emergency preparedness	100%	100%	Achieved

Notes:

- On 3 March 2020 the Department of Environment issued a warning for contravention of section 430(3) of the *Environmental Protection Act 1994* in relation to the release of raw sewerage from the emergency overflow pipe at the Awoonga Dam Sewerage Treatment Plant (STP). An investigation into the incident revealed that the overflow pipe had been damaged during the construction of the new STP. The overflow pipe has since been replaced.

Financial position

AS AT 30 JUNE 2020

		2020 TARGET	2020 ACTUAL	2019 ACTUAL
Return on assets (ROA)	%	1.51	1.43	1.76
Operating expenditure (less depreciation, loss on sale of assets & interest) vs budget	%	100	87	105
Water sales revenue	\$ million	59.84	61.81	61.30
Total revenue	\$ million	61.62	63.64	64.61
Earnings Before Interest & Tax	\$ million	6.41	11.07	13.11
Profit/(Loss) after tax	\$ million	(2.38)	0.70	2.64
Provision for dividend to the State	\$ million	nil	0.96	2.12
Net cash from operating activities	\$ million	20.87	24.29	20.12
Total assets	\$ million	759.97	761.87	791.50
Total equity	\$ million	415.95	416.87	420.66
Total borrowings	\$ million	249.99	250.38	273.11

Refer to page 34 for an overall summary of our financial performance for 2019-20.

Key business improvement initiatives

Price monitoring review

As a declared monopoly business GAWB is required to periodically submit its bulk water prices to the Queensland Competition Authority (QCA) for review. On 30 September 2019, GAWB lodged its regulatory submission, relating to proposed prices for the 1 July 2020 to 30 June 2025 regulatory period, with the QCA. In developing the regulatory submission, GAWB engaged proactively with both customers and the community via a structured consultation program.

In May 2020, the QCA published its Final Report, setting out the findings of its price monitoring review. Following the release of the QCA's Final Report, GAWB reviewed the QCA's findings and subsequently determined the bulk water prices to apply from 1 July 2020.

Refer to page 19 for further details about the outcome of the price monitoring review.

Cultural change program

Throughout the 2019-20 period, a significant amount of work was undertaken to build the foundations for our desired workplace culture – one that brings our values to life. This included the development of frameworks that guide performance management practices and workforce capability management, the implementation of 'values based' programs and a revitalised Code of Conduct. A review of our organisation structure was also undertaken to ensure the workforce design and configuration is conducive to creating the workplace culture we seek.

Refer to pages 25 and 26 for further details about our cultural change initiatives.

Enhancement of the safety management system

Throughout 2019-20 GAWB embarked upon a comprehensive program of work to enhance our safety management system, promote our Safety & Wellbeing Value and provide the safest work environment possible for our employees and contractors. This included the

development of Safety Life Saver Rules, the implementation of new frameworks and procedures together with a comprehensive externally facilitated training program for our employees.

Refer to pages 20 and 21 for further details about the improvements we have made to our safety management system.

Hatchery relocation project

The hatchery relocation project is a multi-year project, which once complete, will provide GAWB with a facility capable of producing barramundi, mangrove jack and sea mullet for release into Lake Awoonga. Construction of this facility enables GAWB to meet its regulatory obligations, maintain ecosystem health and encourage tourism to the local region. Progress of the project was hindered by COVID-19 with commissioning of the new hatchery now expected in late 2020.

Refer to page 17 for further details about the project and the benefits it will generate for the local region.

Review of Water Security Strategy

The Water Security Strategy is an evolution of the Contingent Supply Strategy (CSS). During the year, GAWB reviewed the CSS and re-affirmed that augmentation of the network is required to safeguard supply to existing customers. The Water Security Strategy reflects the focus on maintaining supply to existing customers.

Refer to page 15 for further details about the activities we have pursued during 2019-20 to advance the Water Security Strategy.

Operating environment

Our services

We own and operate Awoonga Dam, which is Queensland's fourth largest water storage, together with 225 kilometres of pipeline, 14 reservoirs, 9 pump stations and two water treatment plants. We also manage more than 23,000 hectares of catchment area.

We supply about 101 megalitres (ML) of water to Gladstone each day, of which 80 per cent is supplied directly to major industry as raw water. The remaining 20 per cent is treated and the majority is then supplied to the Gladstone Regional Council, which delivers the water to its residential customers and small businesses via their reticulation system.

Our customer base

GAWB's operating environment is unique in that we are a bulk water supplier with a small customer base. Security and reliability of supply is critical to our customers who are predominantly major industrial operators. This customer profile creates more volume risk for GAWB, compared to other bulk water service providers. It also places a high level of obligation on us to take proactive steps to ensure future security of supply.

Consultation with major industrial customers has identified that a supply restriction greater than ten per cent would have a significant commercial effect which could result in the closure of certain industries. The permanent closure of any significant customer would impact the Gladstone community directly in terms of employment but also inhibit economic growth and prosperity for the State.

Our catchment

The Awoonga Dam catchment area is subject to variable inflows. This is likely to be further exacerbated in the future because of climate change. Failure to supply is a material risk for GAWB as Awoonga Dam is the sole source of water for the Gladstone region.

Like much of Queensland, the Gladstone area is currently drought declared. It has been more than two years since Awoonga Dam has received significant inflows. In the absence of significant inflows and if the current level of customer demand continues, we expect to issue a Low Supply Alert to our customers in early 2021. A Low Supply Alert does not impose any restrictions on our customers. It provides an opportunity for us to engage with our customers about their water usage and potential strategies to reduce demand.

To ensure GAWB can continue to meet the water needs for the Gladstone region, long term planning as well as demand side management and investigations into future water supply options are critical business activities. Page 15 provides additional details about our activities to secure an additional water source.

Business goal

Meeting water needs

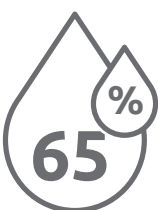
Meeting operational requirements during COVID-19

Our customers require certainty of supply, not withstanding the unprecedented circumstances of a global pandemic. GAWB's comprehensive approach to ensure we were able to continue to deliver water, while minimising the risk to our employees, included:

- Identification of critical business functions and the development of plans to ensure those critical business functions were able to continue
- A review and update of GAWB's Lone / Remote Worker Procedure with instructions given to employees who would be operating as remote workers of the relevant protocols
- Issuing remote workers with a SPOT satellite tracking device
- Preparing and distributing hygiene kits for all operational workers
- A review of critical spares and consumables with additional inventory ordered to ensure adequate stock levels
- Changes to the water operators' shift rosters in order to minimise contact between team members, given their status as critical workers
- Two trials being undertaken in 'remote worker mode' where operational workers undertook their duties in accordance with the Lone / Remote Worker Procedure.

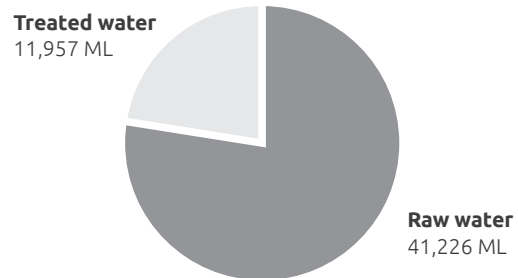
The preparatory activities detailed above placed us in a good position to meet network requirements during the period that our operational workers were required to work remotely, between 30 March 2020 and 25 May 2020.

Our water availability



WATER AVAILABILITY
AT LAKE AWOONGA
AS AT 30 JUNE 2020

Water supplied to customers



Security of supply

For more than a decade, GAWB has investigated the viability of alternative supply side options. In addition, a Contingent Supply Strategy (CSS) was developed which established a set of guiding principles and a roadmap for addressing water security. During 2019-20 the CSS evolved into a Water Security Strategy, to reflect the importance of ensuring continuity of supply to our customers. Consistent with the Strategic Water Plan 2013, GAWB's preferred option for source augmentation is additional supply from the lower Fitzroy River.

During 2019-20 GAWB conducted a review of the Gladstone-Fitzroy Pipeline (GFP) Strategy on the back of the development approval for Rookwood Weir. GAWB has an allocation (subject to commercial terms) of at least 15 gigalitres per annum. The GFP is the mechanism to deliver water to Gladstone from the lower Fitzroy River.

The GFP is currently under review by Building Queensland with the first stage of the analysis to be completed by February 2021. Subject to approvals, the project will proceed to a detailed business case shortly thereafter.

Drought preparedness

Consistent with the review of the Water Security Strategy, GAWB has reviewed and amended the Drought Management Plan to reflect economic objectives of the region and to ensure that the revised plan is capable of seamless implementation. The revised plan was drafted in consultation with GAWB's major customers and approved by the Board in June 2020.

Emergency preparedness

GAWB commences wet season preparations in October, preparing particularly for cyclones, floods and associated infrastructure disruptions. GAWB undertakes emergency preparedness by reviewing its plans, undertaking training and conducting emergency scenarios on an annual basis. GAWB also prepares for bushfire season by undertaking an annual fuel load assessment and reduction, critical infrastructure vulnerability assessments and installation of bushfire mitigation measures.

Water quality

GAWB supplies treated water under an approved Drinking Water Quality Management Plan (DWQMP). Through the development and implementation of this plan, GAWB drives continuous performance improvements throughout the network, particularly in the reliability of online disinfection monitoring systems, the reaction time for operational responses, and the coordination of the multiple stakeholders involved in planning for, and delivering, safe, treated water.

GAWB has a comprehensive water quality monitoring program from the source water, Lake Awoonga, through to the customer delivery point. Drinking water quality remained compliant with Australian Drinking Water Guidelines and met or exceeded the standards required by GAWB's DWQMP throughout the reporting period.

Land and catchment management

GAWB's land holdings total approximately 23,850 hectares. Effective catchment management is essential to manage the impact of land and public use activities around the lake given the potential to adversely affect water quality.

During the year, we utilised drone technology to trial weed mapping surveys and data collection on selected areas in the Boyne Valley catchment area. The trial proved to be very successful. Based on these findings, drone technology will form part of our long term weed management strategy.

GAWB also leads the Capricorn Pest Management Group (CPMG). CPMG, in collaboration with natural resource management bodies, aims to reduce the impacts of weeds and pest animals using contemporary methods and innovative strategies. This engagement in turn informs the work practices for weed and pest management at GAWB.

Asset management

GAWB's asset management system is ISO certified (ISO 55001:2014), which promotes an integrated approach to asset management to optimise performance and minimise the cost of ownership throughout the life cycle of an asset. GAWB uses Life Cycle Management Plans (LCMPs) to ensure maintenance and repair activities, as well as replacement strategies, maximise the value and operational performance of the existing asset base. LCMPs also enable GAWB to be proactive, rather than addressing network performance issues via reactive maintenance.

During the year GAWB focused on improving the quality of the LCMPs by updating the template document and enabling the current condition monitoring on assets to be accessed directly through the relevant LCMP.

Review of Business Continuity Plan (BCP)

An effective BCP is a crucial component of our emergency management response, given the criticality of our business operations. During the year, GAWB undertook a comprehensive review of its BCP, including an organisation-wide Business Impact Assessment.

The BCP establishes guidelines on how and when to activate a Business Continuity Team and specific guidance for managing key disruptive events, including recovery arrangements, deactivation and debriefing. Further review to incorporate learning from COVID-19 and testing of assumptions is planned for 2020-21.

Customer consultation and collaboration

As a regional bulk water supplier, with a predominantly industrial customer base, the model for customer engagement needs to be different to what is typically adopted by other urban water service providers. GAWB had adopted an approach centred around the following objectives:

- to commence GAWB's journey towards a 'customer centric culture'
- acknowledge the non-homogenous nature of GAWB's customer base
- encourage collaboration on ways to enhance public value
- demonstrate a commitment to honest and transparent engagement
- reflect industry best practices.

Over the last 12 months GAWB has focused on one-on-one customer meetings, as it is through these discussions that the key features of the 2020 price monitoring review were discussed. These meetings also provided customers with the opportunity to explore issues in detail. Following the lodgement of our regulatory submission in September 2019, we met with customers to discuss the submission and the associated pricing impacts. A further round of consultation was held following the finalisation of prices for the next regulatory period, commencing 1 July 2020.

The next phase in our journey towards a customer focused business will build on the lessons learnt through the 2020 price monitoring review.

Capital works program

Our capital works program for 2019-20 achieved actual expenditure of \$12.1 million against a projected spend of \$18.2 million. The reduced expenditure on capital works had multi-factorial causes including a decision to reduce expenditure to ensure efficiency of funds expended and the impact from COVID-19.

We are currently restructuring our project management framework to improve its efficiency and to better align with Queensland Government policies and best practices of like sized organisations.

SNAPSHOT OF OUR SIGNIFICANT CAPITAL PROJECTS

Gladstone Water Treatment Plant to South Gladstone (Stage Three)

Project Value: \$2.80 million

Expected Completion: August 2020

This is the third and final stage of a phased replacement of 1.7 kilometres of pipeline along Glenlyon Road. Replacement of this asset mitigates the risk of failure of the pipeline, which supplies treated water to more than 16,000 residents and local businesses. Practical completion of the project was achieved in August 2020.

Hatchery Relocation Project

Project Value: \$6.50 million

Expected Completion: April 2021

GAWB is building a fish hatchery to comply with its regulatory obligation to meet restocking requirements in Awoonga Dam. The new facility will feature a modern, multi-species hatchery capable of breeding three different species up to a total of 1.5 million fish per year. It will include research and training facilities, as well as a tourist and community education centre (Interpretive Reception Area).

Awoonga Dam Conduit Inspection

Project Value: \$1.46 million

Expected Completion: September 2021

Dam Safety Regulations require GAWB to conduct regular inspections of its Awoonga Dam conduit infrastructure. The commissioning of the offline water storage facility has provided redundancy in the network to isolate Awoonga Dam to enable the inspection of both the suction conduit and discharge conduit in two shutdowns. The shutdowns are planned for May 2021 and September 2021.

Gladstone Regional Council - Kirkwood Reservoir Project

Project Value: \$6.1 million

Expected Completion: August 2021

Gladstone Regional Council has requested that GAWB provide a treated water connection to their new Kirkwood Reservoir. The reservoir's high elevation requires the construction of a new pump station and booster pumps. The detailed design of the facility is completed with construction expected to be undertaken between January 2021 and August 2021. Once fully operational, the pump station will supply treated water to Kirkwood and Calliope residents.

Business goal

Commercial results

Demonstrating efficiency in operational expenditure

During 2019-20 Management renewed its focus on ensuring that operational expenditure is both prudent and efficient. Operational costs were \$4.47 million below budget for the year as a result. To aid these practices an online dashboard tool was developed to allow all managers access to real time financial data to enable accurate monitoring of their actual spend against budget. As part of this process Management also received financial reporting training to improve their knowledge of broader financial matters.

'Buy Local' procurement practices

GAWB has developed its Agency Procurement Plan which complies with the procurement obligations as set out in the Queensland Procurement Policy (2019). We are committed to ensuring value for money reflects more than just the lowest price. As part of this commitment we include a local benefit test for all significant procurement activities where a weighting of up to 30 per cent may be applied.

In 2019-20 we contributed approximately \$23 million to the local economy through our local procurement activities and our employment of 88 Gladstone residents.

Prudent and efficient capital expenditure

GAWB's capital works program was developed in response to the following key drivers:

- **Risk mitigation** – to address a credible risk in GAWB's current operating environment that would have a high or extreme consequence in accordance with our Risk Management Policy

- **End-of-life replacement** – to replace assets that are at the end of their useful life or which are non-maintainable
- **Regulatory obligation** – undertaken in compliance with a legislative requirement or regulation
- **Capacity of the delivery network or source of water supply** – required to meet increased customer demand through the augmentation of the delivery network or sources of water supply
- **Business process improvement** – justified by reference to the efficiencies that it will bring to GAWB's operations.

The objective of GAWB's project justification framework is to ensure that only efficient and prudent projects are undertaken, in a regulatory context where GAWB's projected capital expenditure is periodically scrutinised by the Queensland Competition Authority (QCA).

The capital works program for the 2019-2020 year was separated into two areas of focus, Front End Development and Project Delivery. The Front-End Development team defines the projects, options development and selection. The Project Delivery Team then manages the detailed design, implementation and close out of projects. This multi-year planning process has been adopted to clearly identify the optimum timing for the execution of works to reduce project execution risk.

Price monitoring review

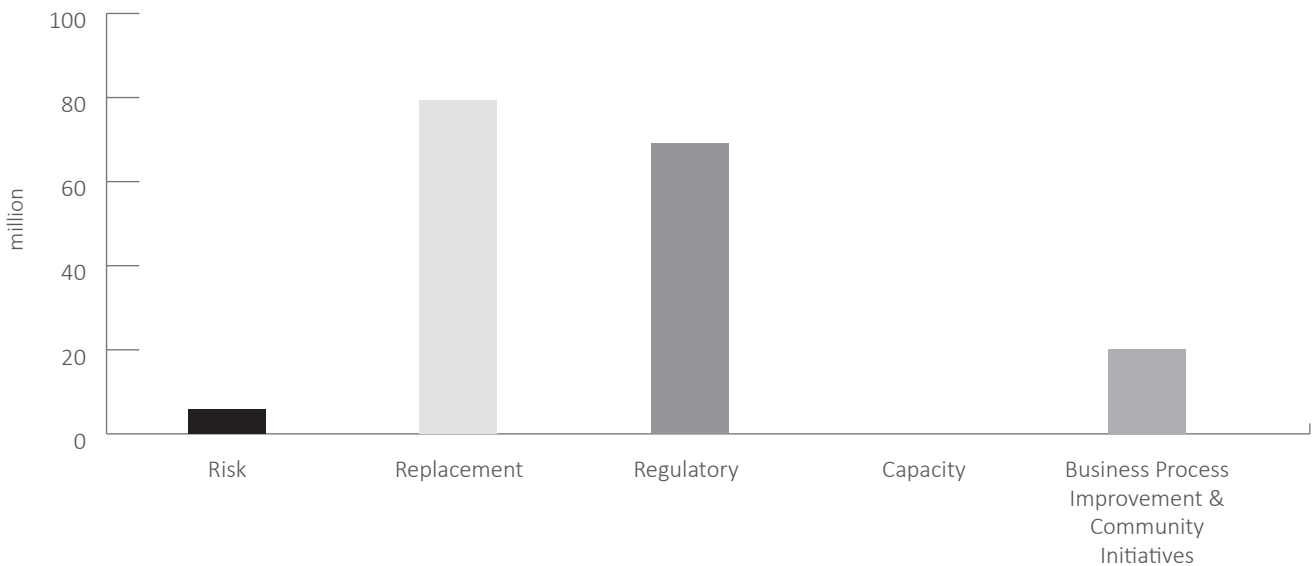
The outcome of the price monitoring review provides assurance to customers that our new prices can be justified on the basis of prudence and efficiency, while enabling us to operate on a sustainable basis. Over the next five years, GAWB plans to invest nearly \$170 million in capital works (including indexation and Interest During Construction). Our largest single capital project is to upgrade the Awoonga Dam spillway to meet dam safety standard for extreme weather events. GAWB expects to spend approximately \$60 million to complete these works. Another significant project to be undertaken during the 2020-25 regulatory period is the implementation of

initiatives contained within our Recreational Strategy. Further details about this project can be found on page 24.

In line with QCA's decision, we have also reviewed our forecast operating expenditure, particularly in the areas of maintenance and professional services, and will have regard to the opportunities for improvement identified in the Final Report.

Correspondence was forwarded to customers to advise of the bulk water prices to apply from 1 July 2020. In accordance with the Customer Engagement Plan, we will engage with customers in the coming months on the outcomes from the QCA process.

Figure 2: Forecast capital expenditure 2021-25



Business goal

Corporate responsibility

Our response to COVID-19

During the year the COVID-19 pandemic significantly impacted business operations and indeed our entire way of life. Throughout the evolving, unprecedented set of circumstances, the safety of our employees and visitors to our recreational facilities has been our fundamental priority.

As an organisation we took proactive steps to protect our employees and the community by:

- The establishment of a COVID-19 Working Group comprising of Executive and Leadership Team members to identify, plan and co-ordinate our response to the pandemic
- Creating a centralised communication page on our intranet to provide up-to-date information to our employees
- Daily cleaning of our work premises by an external cleaning contractor, in accordance with COVID-19 cleaning guidelines issued by Work Safe Australia
- Identification of 'at risk' employees with arrangements put in place to minimise the risk of infection
- Developing various procedures and protocols to help our employees continue to work safely:
 - Employee Health Management Flow Chart
 - Personal Hygiene Plan
 - Working from Home Safety and Wellbeing Checklist
 - Working from Home Guidelines
- Closing our Lake Awoonga Recreational Area and Boynedale Bush Camp.

In accordance with public health directions, our office-based employees worked remotely (ie: from home) from 30 March 2020 until 25 May 2020. Thereafter, in response to the relaxation of COVID-19 restrictions, a graduated return to work process was developed with two cohorts (Group A / Group B) working in the office on alternate weeks until 13 July 2020. Operational employees resumed normal duties on 25 May 2020. To ensure the continued safety of our employees upon

their return to work, a comprehensive Work, Health and Safety Risk Management Plan was developed to provide infection prevention and control measures.

In addition to the measures implemented for the safety and wellbeing of our employees and community, we also provided financial assistance to our tenants through the provision of rent relief from March through to September 2020.

Providing a safe place of work

Nothing is more important to us than the health and safety of our employees, our community and our contractors. Safety and wellbeing is not just a priority at GAWB – it is one of our core values.

Everyone who works for us, or with us, has an important part to play in making GAWB a safe place to work. We expect people to take personal responsibility in three areas:

1. to comply with all relevant policies, procedures and legislative requirements
2. to intervene or stop work if an unsafe working condition is identified
3. to respect fellow employees and the communities in which we work.

GAWB conducted an independent review of its ISO certified safety management system (AS/NZS 4801) in early 2019 to identify areas for improvement.

As a result, an ambitious Safety Action Plan (SAP) was developed and implemented. The 12-month plan focussed on building GAWB's safe work culture, developing effective safety management frameworks and improved safety leadership at all levels.

The major activities undertaken over the past 12 months include:

- the establishment of a SAP Committee, comprising of stakeholders from across the organisation to discuss the roll-out and implementation process

- the development and implementation of an Accountability Framework and a WHS Risk Management Framework
- the development and implementation of a suite of policies and procedures to enhance the safety management system
- the development of Safety Life Saver Rules
- the inclusion of safety related Key Performance Indicators (KPIs) in the Executive and Leadership KPI Agreements
- an extensive training program to employees to maximise stakeholder engagement and provide

knowledge of the improvements to our safety management system and new policies and procedures

- information sessions with contractors to update them on our improved safety management system.

Although we have significantly enhanced our safety management system over the past 12 months, it is a continued focus for our organisation. SAP Phase 2 has been developed and will be rolled out during 2020-21. Phase 2 will focus on building safety leader relationships and creating stronger strategic frameworks on which to grow and evolve the safety management system.

SAFETY LIFE SAVERS

A key component of the Safety Action Plan was the introduction of our Safety Life Savers.

The Safety Life Savers are a set of seven non-negotiable rules that focus on common high potential hazard activities in our industry which, based on analysis, have resulted in serious and fatal injuries.

Most serious injuries occur when something goes wrong in one of these seven areas. These rules also help to strengthen our safety culture, and communicate our expectations to employees, contractors and customers.

Each of the Safety Life Savers are supported by a detailed procedure, which must be referenced when performing the relevant activity.

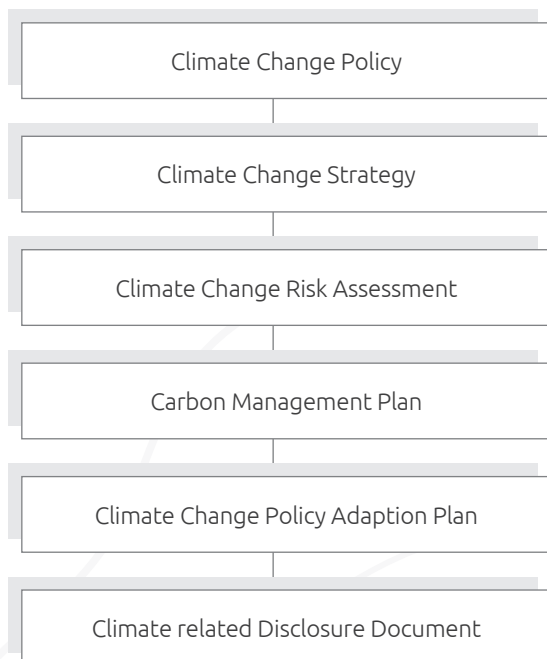
GAWB's Safety Life Savers are focused on:

1. Electrical safety
2. Vehicle and driving safety
3. Confined space entry
4. Working at heights
5. Isolation of energy sources
6. Excavation and penetration
7. Lifting operations.

Reducing carbon emissions and addressing climate change risk

In recognition of the Queensland Government's target to reach zero net emissions by 2050 and an interim target of a reduction of at least 30 per cent on 2005 levels by 2030, during the year we reviewed our carbon footprint to identify potential opportunities to reduce our carbon emissions. GAWB's current assessed carbon emissions are 13,088 t/CO₂-e. Water supply operations account for 93 per cent of carbon emissions, with electricity representing 98 per cent of reported emissions. Whilst GAWB's carbon emissions fall below the threshold triggering the reporting requirements of the *National Greenhouse and Energy Reporting Act 2007 (Cth)*, GAWB is required to quantify and report on its energy usage and greenhouse gas emissions in accordance with the State-wide Water Information Management (SWIM) reporting requirements.

To enable an informed and co-ordinated approach to reduce carbon emissions and respond to climate change risk, we have commenced development of a Climate Change Framework, as set out below. The Climate Change Policy, approved by the Board in June 2020, is the fundamental and overarching policy document which contains guiding principles for GAWB to apply in its decision-making process with respect to climate change activities.



We have also commenced a review of our network operations to investigate what options are available to extract additional energy savings or reduce our carbon emissions. This will include a review of future investments in renewable energy. The outcome of this review will help inform the development of the Climate Change Strategy.

Protecting our environment

GAWB is committed to achieving long term environmental sustainability as well as implementing and continuously improving an environmental management system that is certified to ISO 14001.

To ensure we continue to comply with environmental legislative requirements, the following documents were reviewed during 2019-20:

- Environmental Management Plan
- Environmental Monitoring Program
- Biosecurity Management Plan
- Waste Management Plan

We undertook a wide range of compliance, monitoring and reporting activities associated with our Resource Operations Licence and our Environmentally Relevant Activities Licences for the Gladstone Water Treatment Plant, Yarwun Water Treatment Plant, Fish Hatchery and Lake Awoonga Sewerage Treatment Plant.

We encourage our employees to be environmentally conscious through our newsletter which includes a section called "The Green Bulletin". During 2019-20 it provided information on topics such as understanding vehicle hygiene, water efficiency at home, our Resource Operations Licence as well as COVID-19 and air pollution.

Recognising human rights

During the year GAWB sought expert advice on the application of the *Human Rights Act 2019 (Qld)* to our operations. This advice identified which of GAWB's functions are subject to the application of the Act and what steps we should take to comply with legislative requirements. GAWB did not receive any human rights complaints during the reporting period.

Investing in our community

GAWB continued to boost its community presence throughout 2019-20, investing more than \$50,000 in the Gladstone community through sponsorships and grants.

October 2019 saw the launch of a new event at Lake Awoonga, sponsored exclusively by GAWB. Hosted by the Benaraby Progress Association, the inaugural Lake Awoonga Adventure Race saw participants kayak,

mountain bike and run cross country through the Lake Awoonga terrain. There are now plans to make this an annual event.

GAWB's Community Engagement Program was significantly impacted towards the end of 2019-20 due to restrictions related to the ongoing COVID-19 pandemic. With physical events on hold, many of our key community events transitioned into a digital format. We were pleased to continue our support of the Boyne Tannum Hook Up, Ecofest and EQIP Careers Expo as digital events.

As part of our response to the pandemic, GAWB partnered with other local organisations to deliver Business Continuity Training to small businesses.

We continued to spread our 'Back to Tap' message throughout 2019-20 with our free community hydration station. The station could be found at more than 15 community events throughout the year.

Stakeholder engagement

GAWB's stakeholders play a key role in strategic decision making at GAWB.

Community Consultative Forum

Our Community Consultative Forum (CCF) continues to act as a valuable reference point for GAWB. Originally created to help inform the QCA price monitoring review, the CCF now provides input on other engagement initiatives and operational issues that could potentially impact the community.

Agistee engagement

GAWB continues to hold a bi-annual Agistee Engagement Forum at Ubobo Discovery Centre, providing updates on matters relating specifically to pest and weed management, along with GAWB business operations.

PROTECTING OUR COMMUNITY

PIKES CROSSING EMERGENCY MUSTER POINT

Issue

During severe weather events residents of Pikes Crossing are isolated by flood water in the Boyne River.

Approach

GAWB identified the optimal approach to protecting Pikes Crossing residents would be to direct these people to safe, higher ground. GAWB then investigated a suitable location for residents to evacuate to when an evacuation notice is given.

Solution

To ensure the safety of these residents during a severe weather event, GAWB is constructing a refuge shelter (muster point) which will be capable of housing the residents for a period of up to ten days. It will include sleeping arrangements, basic kitchen facilities, amenities, water, power and gas services, communication facilities, first aid facilities and evacuation facilities (helipad). It is expected that this facility will be built by November 2020, at a cost of \$1.6 million.

SUPPORTING OUR COMMUNITY

PARTNERSHIP WITH NOT-FOR-PROFIT HOUSE

Opportunity

We had unutilised office space in our premises at 136 Goondoon Street, Gladstone. In light of the limited demand for commercial office space, GAWB identified an opportunity to assist a not-for-profit organisation in need of premises.

Approach

GAWB issued an Expression of Interest (EOI) for not-for-profit groups who were interested entering into a partnership arrangement for the office space.

Outcome

Not-for-profit House (NFP House) was the successful tenderer to the EOI. An accommodation partnership arrangement was entered into with NFP House, whereby GAWB was able to provide office space for NFP House and four Accommodation Partners free of charge.

This is the first time many of these organisations have had a physical shopfront display.

This three-year partnership represents a \$240,000 investment in our community.

As result of this partnership, we have also provided physical office space to the following organisations:

- Boyne Tannum Hook Up
- Gladstone Air Quality Group
- Gladstone Chamber of Commerce
- GEHGRE Aboriginal Corporation

Recreational facilities

GAWB provides two locations for public use and recreation. The Lake Awoonga Recreational Area and the Boynedale Bush Camp provide barbeque areas, picnic shelters, children's playgrounds, boat ramps and public toilets.

During 2019-20 GAWB undertook a number of improvements to its recreational facilities including:

- Replacement of all woodfired barbeques with new brick versions at Lake Awoonga Recreation Area (due to be completed by September 2020)
- A new playground facility at the lower section of Ironbark Gully
- Completion of a garden area on the foreshore at Ironbark Gully
- Sandstone erosion control around the foreshores at Lake Awoonga Recreational Area
- New perimeter fencing at Boynedale Bush Camp
- New sewage treatment plant installed and operational at Lake Awoonga Recreational Area.

Impact of COVID-19

To ensure the safety of visitors to our recreational facilities and our employees, and in compliance with Government direction, we closed the Lake Awoonga Recreational Area and the Boynedale Bush Camp on 26 March 2020. The Lake Awoonga Recreational Area re-opened on 2 May 2020, with appropriate cleaning and hygiene protocols. The Boynedale Bush Camp re-opened on 12 June 2020 but closed again on 17 July 2020 due to our inability to comply with Government direction on operating a camping ground in compliance with COVID-19 safe requirements.

Lake Awoonga Recreational Strategy

In 2018 the Gladstone community was invited via various consultative activities, including engagement with our Community Consultative Forum (CCF), to make submissions on the ways GAWB could enhance liveability in the region. Various initiatives were identified through this process and collectively represent the Lake Awoonga Recreational Strategy (Recreational Strategy). The Recreational Strategy is a key component of GAWB's capital expenditure forecast for the 2020-25 regulatory period.

With a total cost of \$7.2 million, various initiatives have been identified within the Recreational Strategy, which fall within three key objectives:

1. Maintain and upgrade existing facilities
2. Provide new recreational areas and opportunities
3. Facilitate partnerships and commercial opportunities that facilitate economic growth in the region.

Some of the major initiatives associated with the Recreational Strategy include:

- Area zoning
- Disability access audit
- Boynedale Bush Camp fire pits
- Sign post existing trail network
- Erosion protection
- Loading pontoons
- Swimming pontoons
- Interpretative signage at Recreational Areas and Boynedale Bush Camp
- Waterfall Playground at Ironbark Gully
- Boynedale to 4 Mile Scrub Inland Rail Trail
- Boat ramp at Boynedale Bush Camp
- Recreation area expansion

Boynedale Bush Camp to Four Mile Scrub Inland Rail Trail

As the cornerstone project of GAWB's Recreation Strategy, the Inland Rail Trail includes the development of a 3.5 kilometre walking track between Boynedale Bush Camp and 4 Mile Scrub.

The Inland Rail Trail will include sections for non-motorised travel such as cycling, while the Four Mile Scrub section will be open to foot traffic only.

The trail will offer stunning views of Lake Awoonga and the surrounding catchment area and is expected to boost visitor numbers to the region once complete. This project represents a \$970,000 investment into the region's tourism sector and is expected to be completed in 2024.

TRACK MY FISH LAKE AWOONGA

The Track My Fish Lake Awoonga mobile app was developed by GAWB and is used to gauge stocking success, fishery health and community feedback. Public participation has proven to be a highly useful measure of stocking success and data capture. The app is an additional data capture metric used in the fishery monitoring plan and for managing fishing competitions. The app can be downloaded in the App Store (Apple) or on GooglePlay (Android). Visit the GAWB website to learn more!

Business goal Capability

People & culture

This year, our focus has been directed toward building a workplace culture that embodies:



Alignment of our core values



Action and performance orientation



Accountability

WORKFORCE PROFILE



94 employees
(91.5 full time equivalent (FTE))

GENDER RATIO



62% male



38% female



91.5% full-time
8.5% part-time or casual



89% staff retention rate
(11% permanent separation rate)



12.35% annualised turnover



5.9 years – Average workforce tenure



47 years – Average age profile

Our achievements for 2019-20 included:

- Implementation of a revised Code of Conduct
- Development of a robust Performance Management Framework
- Developing the basis of a Capability Framework
- Rolling out Values based programs including:
 - Embedding the Vision, Mission and Values
 - Above and Below the Line Behaviours
- Undertaking a review of our organisation structure.

Our focus for 2020-21 will be on the implementation of the organisation restructure, Performance Management Framework and Capability Framework. Additionally, and in recognition that our leaders 'set the tone' for success, we will undertake a significant body of work in developing an organisational Leadership Framework incorporating succession management and leadership development, in support of GAWB's Strategic Objective - "*Skilled and Responsive Workforce*".

Employee and industrial relations framework

The composition of our workforce includes the following employment categories:

- Permanent – Full Time or Part Time
- Casual
- Specified Contract End
- Apprentice / Trainee
- Third Party Labour – Labour Hire or Contractor

We comply 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.

PERFORMANCE MANAGEMENT FRAMEWORK

Opportunity

In 2019 GAWB launched its new Values of One Team, Engage, Safety & Wellbeing, and Accountable. This marked the official commencement of our culture change journey.

Approach

To permeate a culture of action efficiency and high-performance orientation, GAWB developed a Performance Management Framework that provides our people with the necessary guidance in relation to:

- Managing employee and team performance
- Satisfactory levels of performance
- Appropriate standards of workplace behaviour, aligned to our Values and Code of Conduct
- The implications and processes to follow if satisfactory performance levels are not met

In developing the performance management framework and the implementation plan, consideration was given to culture change levers including:

- Results driven performance
- Developing dynamic organisational capabilities
- Quality leadership

In the interest of creating a results driven mindset and sustainable performance management practices, our implementation included the development of two (2) eLearning Modules. Our implementation also included significant face-to-face leader and employee engagement in preparedness for a new way in managing for performance at GAWB.

Outcome

The new Performance Management Framework takes effect from 1 July 2020.

Employee engagement

GAWB has made a concerted effort to improve its employee engagement initiatives over the last two years, increasing the transparency and frequency of communication across the business.

This has included a focus on implementing strong employee feedback mechanisms.

In 2019, GAWB participated in the Working for Queensland survey for the second time, recording promising improvements across all seven workplace climate indices. As a result of the survey, we learnt that our areas of strength were that:

- Employees understand how their individual work responsibilities contribute to GAWB's organisational objectives and goals
- Employees understand what is expected of them and feel empowered enough to take initiative in their role
- Both individual employees and workgroups are committed to promoting and enforcing a strong safety culture in the workplace.

The survey also revealed opportunities for improvement, including an employee belief that there are too many approval processes in the workplace, and a concern that poor performance is not appropriately addressed.

Based on the Working for Queensland outcomes, we have also introduced 'Employee Roadshow' presentations held twice a year to provide important business updates and celebrate milestones with our employees.

This effort is also supported by regular employee 'Toolbox Talk' presentations which act as targeted Q&A sessions for our employees to provide feedback on current topics. The next 12 months will see further development of our Internal Communications and Employee Engagement Strategy.

GAWB's community volunteering program continues to grow, with our employees representing GAWB at local community events such as Ecofest, Boyne Tannum Hook Up and Equip Careers Expo.

Information & communication technology

GAWB has continued along the path of managed services and streamlined alignment with the business, as per our Technology Strategic Plan 2019-2024. In line with the plan we are consolidating our technology infrastructure by combining the operational technology (SCADA and communication systems) with the management of corporate systems to align service delivery and cyber security. GAWB is also continuing the transition to an 'as a service' model in a systematic and planned manner.

GAWB technology investment focuses on providing for our business and our customer needs. We are aligned with Queensland Government Customer and Digital Group (QGCDG) policies, framework and guidelines. In parallel, we are also enhancing our capability through service delivery management and an overarching governance framework.

During 2019-20, the Technology group successfully delivered the following initiatives:

- Converged the corporate and operational technology group under the one leadership to capture efficiencies in service delivery
- Continued to progress technology initiatives on the managed services journey with software as a service (cloud-based technologies) and platform as a service to minimise on premise solutions and hardware.

Corporate governance

Our governance structure

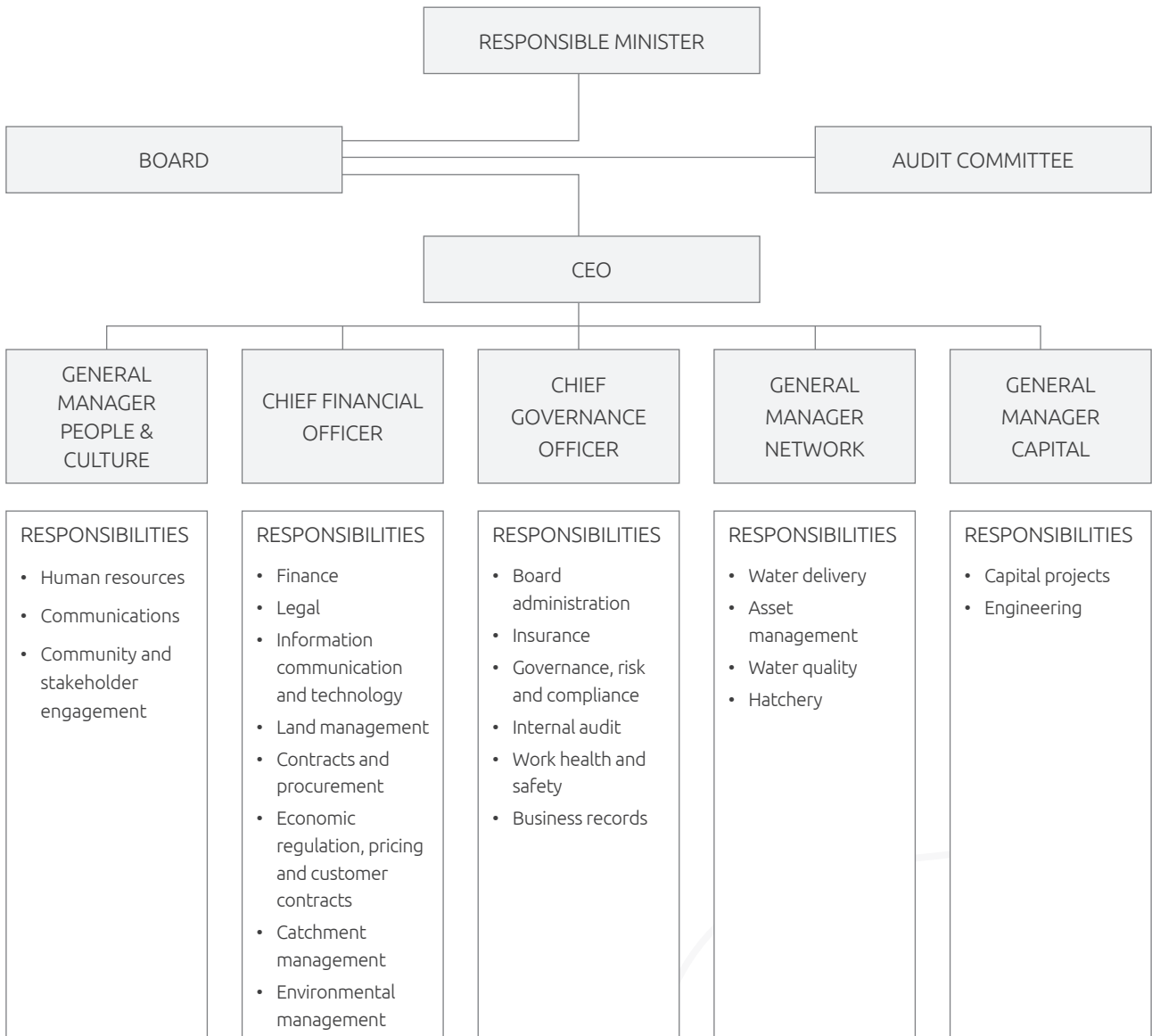
A robust corporate governance framework is essential to our success. It drives accountability and good management, whilst also promoting transparency and ethical decision-making. It also provides confidence to the Minister, State Government, customers and other stakeholders in respect of our capability to effectively manage our resources and infrastructure.

A significant focus for GAWB during the year has been the development of a five year Strategic Plan and the price monitoring review with the Queensland Competition

Authority. Through these processes, an organisational restructure was approved by the Board in February 2020 to support an enhanced focus on current priorities which include:

- advancing GAWB’s cultural change initiatives
- driving a high-performance orientation
- achieving productivity and efficiency objectives for the next price review.

GAWB’s governance structure is as follows:



An overview of GAWB's current corporate governance practices in line with the ASX Corporate Governance Principles and Recommendations (4th edition) is set out below.

Principle 1 – Lay solid foundations for management and oversight

The Board operates pursuant to a Governance Charter which provides guidance on the framework of rules, relationships, systems and processes by which authority within the organisation is exercised and controlled. The Governance Charter was reviewed and updated during the year to align with contemporary corporate governance principles set out in the Queensland Government Corporate Governance Guidelines for Government Owned Corporations (version 2) and the ASX Corporate Governance Principles and Recommendations (4th edition).

The Governance Charter clearly defines the composition, functions and responsibilities of the Board, the Chair, individual Directors and Management.

The Board has the principal responsibility to oversee the performance and operation of GAWB. This includes:

- setting the strategic objectives for the organisation, and monitoring progress against the implementation of those objectives
- approving and monitoring the annual operating and capital expenditure budget
- implementing and monitoring GAWB's risk management framework
- monitoring the performance of the Chief Executive Officer.

The day-to-day management of the organisation has been delegated to the Chief Executive Officer through the Authorities and Delegations Manual.

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 2000 (Qld)*.

GAWB provides new directors with a comprehensive induction upon appointment. We also ensure directors are provided with appropriate professional development and training opportunities to enhance their skills and knowledge. In addition, Directors can access, in appropriate circumstances, independent professional advice on matters concerning the Board at GAWB's expense.

The Board reviews its performance on an annual basis. Every second year, this process is undertaken by an external consultant. In 2019-20 a Board review was not undertaken as the Directors had only been newly appointed. An external Board evaluation process will be undertaken during 2020-21.

Details of GAWB's Directors including their experience, term of office and attendance at meetings is contained on page 30.

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

GAWB's Board approved Values provide the guiding principles to the organisation as to what is expected of its Directors, Management and employees. The standards of behaviour that the Board expects is clearly articulated in its Code of Conduct.

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 for Directors has also been established.

GAWB has a comprehensive framework to prevent, detect and respond to fraud and corrupt conduct. This includes a Fraud and Corrupt Conduct Policy and Procedure, 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, allowing personnel and the public the ability to seek assistance from an impartial third party with ethical dilemmas and report suspected fraud or corrupt conduct.

Principle 4 – Safeguard the integrity of corporate reports

GAWB's Audit Committee assists the Board by providing assurance and advice on the adequacy of internal controls, compliance activities and its financial statement responsibilities.

The Audit Committee comprises of a minimum of three members appointed by the Board. To ensure the integrity of the financial statements, the Audit Committee:

- reviews and monitors Management's project plan
- reviews and provides 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
- satisfies itself that the financial statements are supported by appropriate written Management sign-off on the statements and on the adequacy of key internal controls
- reviews the financial statements, including whether appropriate action has been taken in response to audit recommendations and adjustments to the draft financial statements, and recommend their adoption by the Board for signature
- reviews the processes in place designed to ensure that financial information included in the annual report is consistent with the signed financial statements
- analyses GAWB's financial performance and financial position and seeks to understand significant trends or variations from budget or forecasts.

Details of Committee members, meetings held and attendance at those meeting is set out on page 30.

Principle 5 – Make timely and balanced disclosures

As a Government-owned statutory authority, GAWB aims to ensure that its Responsible 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, 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.

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

GAWB engages regularly with its various stakeholders including the Responsible Minister, Departmental officers, customers and the community through a variety of mechanisms. GAWB has a comprehensive stakeholder engagement protocol to manage communications with our Minister and the Department. GAWB has also established several engagement activities with our customers and the Gladstone community to seek input and provide an opportunity for feedback on projects and initiatives.

The Community Consultative Forum (CCF) provides a medium for the views and ideas of the wider Gladstone community, on ways to increase the liveability in the region and opportunities to enhance public value, to be captured. The CCF comprises a diverse cross-section of community groups and peak organisations that directly serve the Gladstone community.

The Customer Representative Panel (CRP) consists of representatives from a cross section of GAWB's customer base. The CRP meets periodically to discuss a broad range of issues including GAWB's regulatory framework, the Lake Awoonga Recreational Strategy, future investment plans and potential pricing impacts.

Principle 7 – Recognise and manage risk

GAWB maintains a risk management framework based on the International Standard for Risk Management (ISO 31000:2009) and in accordance with the requirements of section 28 of the *Financial and Performance Management Standard 2009 (Qld)*.

GAWB has developed a suite of risk registers to manage corporate, emerging and operational risks. There is a program in place to review the registers for currency and effectiveness that links into both the internal audit program as well as the management system audit program.

In 2019-20 an external review of our risk management framework was undertaken to give guidance on the relative maturity of our systems and processes and identify activities to reach a more mature state. These activities will be undertaken in 2020-21.

Complementing our Risk Management Framework is our Corporate Compliance Management System, which aligns with ISO19600:2015 (compliance management system).

GAWB's internal audit function, which is performed by a specialist external service provider, is another key component of the governance framework, providing independent assurance that GAWB has proper and

effective controls, governance and risk management processes in place. Additional information about GAWB's internal audit function is set out on page 31.

Principle 8 – Remunerate fairly and responsibly

Board members

The remuneration of GAWB's board members is set by the Responsible Minister in accordance with the Remuneration Procedures for Part-time Chairs and Members of Queensland Government Bodies.

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.

Board of Directors (Current)

Maxine Brushe

MAICD
Chair

Mrs Brushe was appointed the Chair on 22 August 2019 for a term of 3 years. Mrs Brushe served as a councillor on the Calliope Shire Council and the Gladstone Regional Council for a total of 21 years (including five as Deputy Mayor) and has contributed to a wide range of community organisations over the past two decades. Mrs Brushe has over 25 years' experience as a Board and Committee Chair in the regional promotion and development sector and Community Bank sector.

Prof. Poh-Ling Tan

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

Prof. Tan was appointed a Director on 22 August 2019 for a term of 2 years. Prof. Tan has over 35 years of experience in legal practice and academia. Her area of expertise is in water governance and she has provided policy advice leading to outcomes on national, state and local scales.

Aurelia Noran

MBA, FEAust, BE(Mech), MAIPM, MAICD
Director

Mrs Noran was appointed to the Board as a Director on 22 August 2019 for a term of 3 years. She has also been elected as the Chair of the Audit Committee. Mrs Noran is a Fellow of Engineers Australia and has qualifications in business (MBA) and auditing. She has over 25 years' experience in project, program and portfolio management in the public and private sectors and has managed risk audits and

major developments for projects such as the engineering coordination for the Airport Link and Northern Busway Project. Mrs Noran is a Director and Principal Consultant for her own consultancy business, focusing on business and project management, services for sustainability as well as engineering related projects.

Board of Directors (Former)

On 22 August 2019 a new Chair and two new Directors were appointed to the Board, replacing Chair Cook and Director Orange. The term of office for the nominated representative for the Gladstone Regional Council, Director Sobhanian, expired on 15 September 2019. Prior to the expiration of his term, Director Sobhanian advised he would step down at the date of expiry and would not act pursuant to section 604(2) of the Water Act.

Meeting attendance (1 July 2019 to 30 June 2020)

Director	Board Meetings		Audit Committee Meetings	
	Attended	Held ¹	Attended	Held ¹
Mrs Maxine Brushe	17	17 ²	3	3
Mrs Aurelia Noran	17	17	3	3
Prof. Poh-Ling Tan	17	17	3	3
Mr Denis Cook	1	1	1	1
Mr John Orange	-	1	1	1
Cr Poya (PJ) Sobhanian	1	1	-	-

1 Reflects the number of meetings held during the time the Director held office / was a member of the Committee during the year.

2 There were 8 ordinary board meetings and 9 special board meetings. The special board meetings were required to approve GAWB's financial statements and address issues related to the price monitoring review.

Audit Committee

GAWB has an Audit Committee which provides oversight to assist the Board with the performance of fundamental components of our corporate governance framework including:

- preparation of financial statements
- internal audit
- external audit
- internal control systems
- compliance.

The Committee operates pursuant to a Board approved Charter, which is aligned with Queensland Treasury's Audit Committee Guidelines and reviewed on an annual basis.

In 2019-20, the Audit Committee met on four occasions and its activities included:

- review of GAWB's 2018-19 financial statements
- oversight of the internal control framework
- oversight of the internal audit function, including the review of the proposed internal audit plan and completed internal audit reports together with monitoring management's implementation of internal audit recommendations
- review of the external audit plan and reports.

The Audit Committee conducts an annual review of its process and performance against its Charter to ensure it has fulfilled its obligations and is operating effectively which is then reported through to the Board.

Executive Leadership Team

GAWB's Executive Leadership Team is comprised of:

Darren Barlow BCom, MBA (Adv), FCPA, FAICD, Dip Fin Serv, MAIPIO, SA Fin
Chief Executive Officer

Darren joined GAWB as Chief Executive Officer in March 2018. Darren has extensive management 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 held a range of senior executive positions at Aurizon, Queensland Rail, the Master Builders Association of Queensland and Ergon Energy.

Hugh Barbour CPA, BBus (Acct)
Chief Financial Officer

Hugh has been the Chief Financial Officer at GAWB since March 2016. Hugh has extensive experience in all aspects of financial management, contract management and negotiation in the mining and energy industries. As a former General Manager of Finance, he understands the importance of strong financial governance. Hugh has led multi-disciplinary teams in the performance review of significant assets as well as conducting audits and evaluations of acquisitions and asset improvements.

Robin Bates LLB (Hons), GradDipACG, AGIA, ACIS, MAICD
Chief Governance Officer

Robin commenced with GAWB in February 2017. 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. She brings managerial expertise 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.

Greg Clarke PMP, CPPM, MAIPM, GradCertProjProgMgt
General Manager – Capital

Greg commenced with GAWB in May 2019. Greg has extensive experience in all aspects of project, program and portfolio management having held roles in civil construction, building, design & IT projects across a range of sectors including engineering, environment, government, aviation and technology. Greg has a strong track record of leading multi-disciplinary teams to successful project delivery ensuring adherence to safety and quality.

Sashie Naidoo BCom, Dip Proj Mgt, Cert Piping Design, GAICD
General Manager – Network

Sashie joined GAWB in July 2020. Sashie is a professional business manager and piping infrastructure specialist with extensive experience leading businesses in the global oil and gas, power generation, water and energy utility sectors. Sashie has held senior roles in operations, construction, project management and asset management. His prior roles include General Manager, Pipe Support Technologies; General Manager QLD Networks, APA Group and Managing Director for TD Williamson Australia.

Internal audit

The internal audit function is a key component of our corporate governance framework, providing independent assurance that GAWB has proper and effective internal controls, governance and risk management processes in place. Our internal audit function operates pursuant to a Charter that is approved by the Board and reviewed on an annual basis. The Charter is consistent with audit and ethical standards and Queensland Treasury Audit Committee Guidelines.

During 2019-20 GAWB engaged a new external contractor to perform its core internal audit activities.

Insurance

GAWB maintains an extensive insurance portfolio as a mechanism of risk management. Our insurance coverage is reviewed on an annual basis as part of the renewal process to ensure we have the necessary policies in place to protect our organisation and its assets.

Information systems and record keeping

GAWB's formal repository for official records is the Electronic Content Management module in TechnologyOne. In addition, we utilise Microsoft Office 365 and Microsoft SharePoint. All of our systems are cloud hosted, secured and backed up in Australia in accordance with Government policy.

We have a Record Keeping Policy and Record Keeping Plan which define roles and responsibilities as well as recordkeeping requirements. GAWB is currently using the Queensland State Archives General Retention and Disposal Schedule issued under the authority of section 26 of the *Public Records Act 2002 (Qld)* for the disposal of common and administrative public records created by all Queensland Government agencies.

Open data

Information in relation to expenditure on consultants and overseas travel is published online on the Queensland Government Open Data website (<https://data.qld.gov.au>). GAWB also provides open data on our website (<https://www.gawb.qld.gov.au>).

Goals for 2020-21

GAWB has identified a number of key business improvement projects and initiatives, as set out below, to be implemented during 2020-21 to help us achieve our strategic objectives and pursue our vision, which is 'together delivering safe and reliable water services to enhance the liveability of our region'.



Safe, resilient and reliable water supply



High customer and community satisfaction



Skilled, safe and responsive workforce



Operational sustainability

Advancement of Water Security Strategy

GAWB intends to advance the water security strategy to improve water security for its current and future customers and for the local region.



Enhancement of Risk Management Framework

GAWB will undertake a program of activities to enhance its risk management framework to:

1. strengthen GAWB's capability to identify and mitigate risks;
2. identify and pursue opportunities;
3. ensure it supports the advancement of GAWB's strategic objectives.



Implementation of Recreational Strategy

GAWB will commence implementation of the Recreational Strategy, which aims to contribute to the liveability of the region through the following key initiatives:

1. Maintenance and upgrade of existing facilities;
2. Provision of new recreational areas and opportunities;
3. Promote the use of GAWB's recreational areas and facilitate partnerships and commercial opportunities.



Enhancement of Safety Management System

GAWB will continue its program of activities to enhance its safety management system and further embed a culture of safety within the organisation.



Continuation of Cultural Change Program

GAWB will continue its cultural change program through the development of a People and Culture Strategy and work programs to further embed our Values.



Financial performance

GAWB's net profit after income tax equivalents for 2019-20 is \$0.70 million, a \$3.08 million favourable variance to budget.

Our operating costs were lower than budget in the areas of information systems, professional services and operations.

Lease income was below budget as a consequence of the rent relief provided to all tenants and agistees from 1 April 2020 in response to COVID-19.

We earned a total of \$63.64 million in revenue, which is \$2.02 million above budget. The favourable variance is largely attributable to increased customer demand.

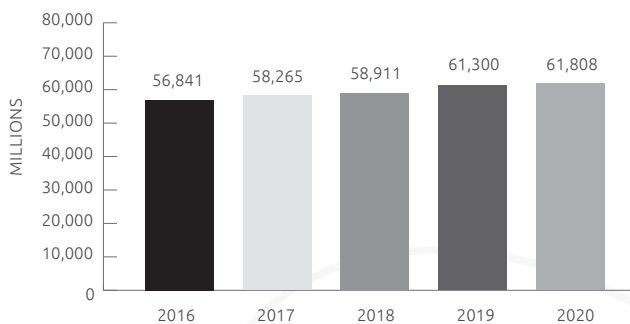
GAWB's net assets as at 30 June 2020 amounted to \$416.87 million, in line with budget.

GAWB's borrowings as at 30 June 2020 totalled \$250.38 million following a \$23 million loan repayment during the year.

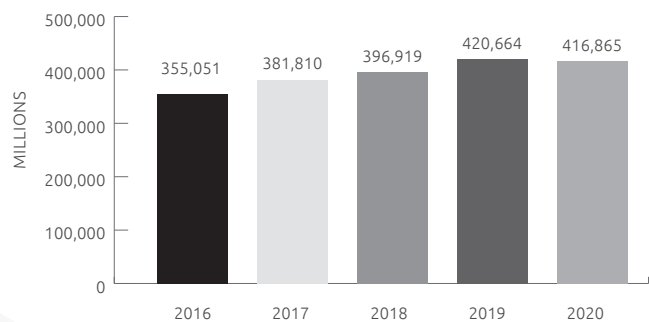
GAWB returned a paid dividend to the Queensland Government of \$2.12 million during the year and propose a dividend payable of \$0.96 million for 2019-20.

A comprehensive breakdown of our income, operating costs and financial position is set out in our financial statements.

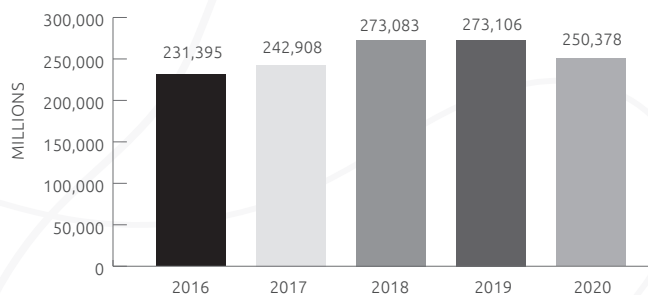
Water sales revenue



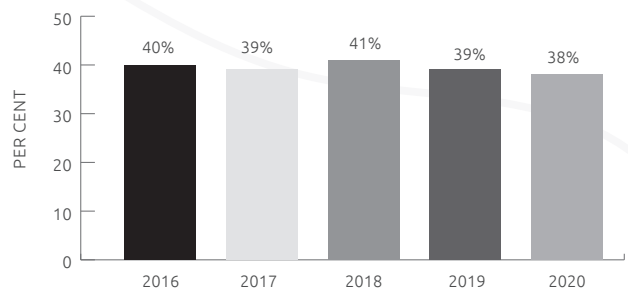
Total equity



Borrowings



Debt/equity ratio



Financial statements

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Statement of profit and loss and other comprehensive income

FOR THE YEAR ENDED 30 JUNE 2020

Continuing operations

Water revenue

Other income

Total income

Expenditure

Employee expenses

Operational expenses

Finance costs

Write off on non-current assets

Depreciation

Amortisation of right of use assets

Amortisation of intangible assets

Impairment of assets held for sale

Devaluation of non-current assets

Total expenditure

Profit from continuing operations before income tax

Income tax equivalents expense

Profit for the year

Other comprehensive income

Items that will not be reclassified subsequently to profit or loss

Revaluation of property, plant and equipment

Income tax relating to components of other comprehensive income

Total other comprehensive income, net of income tax

Total comprehensive income for the year

Profit attributable to:

Owners of Gladstone Area Water Board (GAWB)

Total comprehensive income for the year attributable to:

Owners of GAWB

Note	2020	2019
	\$'000	\$'000
	61,808	61,300
4(a)	1,830	3,308
	63,638	64,608
4(b)	(12,518)	(12,336)
4(b)	(16,307)	(14,748)
4(b)	(10,071)	(10,182)
	(484)	(3,175)
10	(19,148)	(17,650)
9	(563)	–
11	(2,827)	(2,838)
	(405)	–
10	(317)	–
	(62,640)	(60,929)
	998	3,679
5(a)	(301)	(1,035)
	697	2,644
10	(3,671)	33,167
	1,101	(9,950)
	(2,570)	23,217
	(1,873)	25,861
	697	2,644
	(1,873)	25,861

The accompanying notes form part of these financial statements.

Statement of financial position

AS AT 30 JUNE 2020

	Note	2020	2019
		\$'000	\$'000
Current assets			
Cash and cash equivalents	6(a)	29,934	42,504
Trade and other receivables	7	6,087	6,450
Assets held for sale	8	1,000	–
Inventories		656	572
Current tax asset	5(b)	197	2,102
Total current assets		37,874	51,628
Non-current assets			
Right-of-use assets	9	1,303	–
Property, plant and equipment	10	718,755	732,073
Intangible assets	11	3,907	7,773
Biological assets		29	23
Total non-current assets		723,994	739,869
Total assets		761,868	791,497
Current liabilities			
Trade and other payables	12	5,776	5,346
Lease liabilities	9	412	–
Provisions	14	2,772	3,705
Total current liabilities		8,960	9,051
Non-current liabilities			
Loans and borrowings	13	250,378	273,106
Trade and other payables	12	627	740
Lease liabilities	9	914	–
Provisions	14	636	548
Other non-current liabilities		1	1
Deferred tax liabilities	5(c)	83,487	87,387
Total non-current liabilities		336,043	361,782
Total liabilities		345,003	370,833
Net assets			
Equity			
Contributed equity		64,647	64,647
Asset revaluation surplus		310,593	315,246
Retained earnings		41,625	40,771
Total equity		416,865	420,664

The accompanying notes form part of these financial statements.

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2020

	Contributed equity	Asset revaluation surplus	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018	64,647	292,126	40,146	396,919
Comprehensive income for the period				
Profit from continuing operations	–	–	2,644	2,644
Other comprehensive income	–	23,217	–	23,217
Total comprehensive income	–	23,217	2,644	25,861
Transfers within equity				
Disposal of revalued assets	–	(97)	97	–
Transactions with owners as owners				
Dividends proposed	–	–	(2,116)	(2,116)
Balances at 30 June 2019	64,647	315,246	40,771	420,664

	Contributed equity	Asset revaluation surplus	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2019	64,647	315,246	40,771	420,664
Comprehensive income for the period				
Profit from continuing operations	–	–	697	697
Other comprehensive income	–	(2,570)	–	(2,570)
Total comprehensive income	–	(2,570)	697	(1,873)
Transfers within equity				
Disposal of revalued assets	–	(1,120)	1,120	–
Impairment of assets held for sale	–	(963)	–	(963)
Transactions with owners as owners				
Dividends proposed	–	–	(963)	(963)
Balances at 30 June 2020	64,647	310,593	41,625	416,865

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 2020

Cash flows from operating activities

Inflows:

Receipts from customers

Interest received

Outflows:

Payments to employees

Payments to suppliers and services

Net Borrowing costs paid

Net Goods and Services Tax (GST)

Tax equivalents paid to Queensland Treasury

Net cash provided by operating activities

Cash flows from investing activities

Inflows:

Proceeds from sale of property, plant & equipment

Outflows:

Acquisition of property, plant & equipment

Acquisition of intangible assets

Interest paid on construction of property, plant & equipment

Net cash used in investing activities

Cash flows from financing activities

Outflows:

Loan repayments

Dividends paid

Lease liability repayments

Net cash (used in)/from financing activities

Net increase/(decrease) in cash and cash equivalents

Cash and cash equivalents at 1 July

Cash and cash equivalents at 30 June

Note	2020	2019
	\$'000	\$'000
	62,346	62,167
	315	769
	(12,153)	(12,187)
	(15,505)	(14,691)
	(9,843)	(10,166)
	(86)	(494)
	(783)	(5,276)
6(b)	24,291	20,122
	–	12,020
	(9,824)	(11,704)
	(1,381)	(310)
	–	(244)
	(11,205)	(238)
	(23,000)	–
	(2,116)	(6,948)
	(540)	–
	(25,656)	(6,948)
	(12,570)	12,936
	42,504	29,568
6(a)	29,934	42,504

The accompanying notes form part of these financial statements.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

1. Reporting entity

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 Goondoon 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 10.

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 based upon current/non-current classification. An asset or liability is classified as current when 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 GST, 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 in accordance with the *Financial Accountability Act 2009*, the disclosure requirements of section 39 of the *Financial and Performance Management Standard 2019*, applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

These financial statements of GAWB for the year ended 30 June 2020 were approved for issue in accordance with a resolution of the directors on 20 August 2020.

(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

GAWB applied AASB 16 *Leases* for the first time in 2019-20. Comparative information for 2018-19 has not been restated as GAWB has adopted the modified retrospective approach. It supersedes AASB 117 *Leases* and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right of use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. These changes

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

2. Basis of preparation (cont.)

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

resulted in GAWB recognising a number of operating leases as lease liabilities with corresponding 'right of use' assets and a lease liability in its statement of financial position. The financial impact of the changes is shown in Note 9.

Accounting standards and interpretations issued but not yet effective

All standards and interpretations issued but not yet effective for the year ending 30 June 2021 and periods thereafter, have been reviewed and are considered to have no impact on the financial statements.

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 10 – Property, plant and equipment (useful lives and revaluation)
- Note 11 – Intangible assets (useful lives)
- Note 14 – Provisions
- Note 15 – Financial risk management

4. Profit from continuing activities

(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.

Other 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.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

4. Profit from continuing activities (cont.)

Other revenue

Grants and other contributions
Interest received
Lease revenue
Other

Total other revenue

2020	2019
\$'000	\$'000
1,112	1,130
315	769
385	469
18	940
1,830	3,308

Lease revenue was impacted in 2020 by rent relief being offered to all tenants for three months from 1 April to 30 June 2020. The value of the relief was \$86,970.

(b) Expenses

Employee costs

Wages, salaries and on costs
Contributions to superannuation plans
Labour hire costs
Other labour related costs

Total employee costs

2020	2019
\$'000	\$'000
10,606	10,339
1,007	994
249	479
656	524
12,518	12,336

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 \$0.08 million for the financial year ended 30 June 2020 (2019: \$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 91.5 FTE's as at 30 June 2020 (2019: 92.0 FTE's). This included both full-time employees, part-time and casual employees, measured on a full-time equivalent basis. This excludes directors.

Operational expenses

Contracted, professional, technical and other services
Maintenance
Electricity
Administration costs
Information systems expense
Insurance
Chemicals
Operating expenses
Rates
Other

Total operational expenses

2020	2019
\$'000	\$'000
3,409	2,455
2,641	3,182
2,537	2,527
2,528	1,202
2,202	1,292
1,124	1,024
688	578
537	1,932
459	437
182	119
16,307	14,748

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

4. Profit from continuing activities (cont.)

Finance costs

Interest paid
Competitive neutrality fee
Bank charges

Total finance costs

2020	2019
\$'000	\$'000
7,425	7,323
2,263	2,443
383	416
10,071	10,182

Borrowing costs directly attributable to the acquisition, construction or production of an 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 (2020 and 2019: 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:

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

(a) Income tax equivalents expense

Profit before income tax equivalents
Income tax equivalents expense calculated at 30%
Prior period adjustment
Non-deductible entertainment
Income tax expense
Comprised of movements in:
Income tax payable
Deferred tax asset
Deferred tax liability
Income tax expense

2020	2019
\$'000	\$'000
998	3,679
299	1,104
–	(72)
2	3
301	1,035
2,688	2,258
(488)	90
(1,899)	(1,313)
301	1,035

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

5. Income tax equivalents (cont.)

b) Income tax payable / (receivable)

	2020	2019
	\$'000	\$'000
Opening balance	(2,102)	916
Charged to income	2,688	2,258
Payments	(783)	(5,276)
Closing balance	(197)	(2,102)

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	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, plant & equipment	–	–	(92,495)	(95,907)	(92,495)	(95,907)
Intangible assets	8,010	7,354	–	–	8,010	7,354
Trade & other payables	49	5	–	–	49	5
Employee benefits	720	604	–	–	720	604
Lease assets and liabilities	7	–	–	–	7	–
Revenue received in advance	222	557	–	–	222	557
Tax assets/(liabilities)	9,008	8,520	(92,495)	(95,907)	(83,487)	(87,387)

Movement in temporary differences during the year:

	Balance 1 July 2018	Recognised in income	Recognised in equity	Balance 30 June 2019
	\$'000	\$'000	\$'000	\$'000
Property, plant & equipment	(87,270)	1,313	(9,950)	(95,907)
Intangible assets	6,697	657	–	7,354
Trade & other payables	46	(41)	–	5
Assets held for sale	363	(363)	–	–
Employee benefits	563	41	–	604
Revenue received in advance	941	(384)	–	557
Movement in temporary differences	(78,660)	1,223	(9,950)	(87,387)

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

5. Income tax equivalents (cont.)

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

	Balance 1 July 2019	Recognised in income	Recognised in equity	Balance 30 June 2020
	\$'000	\$'000	\$'000	\$'000
Property, plant & equipment	(95,907)	1,899	1,513	(92,495)
Intangible assets	7,354	656	–	8,010
Trade & other payables	5	44	–	49
Employee benefits	604	116	–	720
Lease assets and liabilities	–	7	–	7
Revenue received in advance	557	(335)	–	222
Movement in temporary differences	(87,387)	2,387	1,513	(83,487)

6(a) Cash and cash equivalents

	2020	2019
	\$'000	\$'000
Cash at bank	3,510	4,657
Deposits at Queensland Treasury Corporation, at call	26,424	37,847
Total cash and cash equivalents	29,934	42,504

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 2020 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

	2020	2019
	\$'000	\$'000
Operating profit after income tax equivalents	697	2,644
Non-cash items included in operating result:		
Adjustments for: Depreciation	19,148	17,650
Amortisation	3,390	2,838
Devaluation of non-current assets	317	–
Impairment of assets held for sale	405	–
Net loss on disposal of property, plant and equipment	603	2,278
	24,560	25,410
Change in assets and liabilities:		
Decrease/(increase) in trade and other receivables	277	613
Decrease/(increase) in deferred tax assets	(487)	90
Increase in trade and other payables	(229)	(1,355)
Increase in deferred tax liabilities	(3,412)	8,637
(increase)/decrease in current tax liabilities/(assets)	1,904	(3,017)
Decrease in provisions	(107)	(329)
Increase in borrowing costs	272	23
Decrease in tax regarding asset revaluation surplus	1,513	(9,950)
Net cash from operating activities	24,291	20,122

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

6(c) Reconciliation of liabilities arising from financing activities

	Balance 1 July 2018	Cash flows	Non-cash changes	Balance 30 June 2019
	\$'000	\$'000	\$'000	\$'000
Long term borrowings	273,083	23	–	273,106
Long term debt	273,083	23	–	273,106

	Balance 1 July 2019	Cash flows	Non-cash changes	Balance 30 June 2020
	\$'000	\$'000	\$'000	\$'000
Long term borrowings	273,106	(22,728)	–	250,378
Lease liabilities	–	1,326	–	1,326
Long term debt	273,106	(21,402)	–	251,704

7. Trade and other receivables

	2020	2019
	\$'000	\$'000
Current		
Trade receivables	5,248	5,811
Other receivables and prepayments	839	639
Total trade and other receivables	6,087	6,450

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.

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 \$1.25 million of trade receivables at 30 June 2020 (2019: \$1.47 million).

Ageing analysis of trade receivables at the reporting date:

Trade receivables not impaired

	2020	2019
	\$'000	\$'000
Not due	4,636	5,151
Overdue <31 days	606	658
Overdue 31–60 days	1	–
Overdue >60 days	5	2
Total	5,248	5,811

As at 30 June 2020 GAWB had current trade receivables of \$nil (2019: \$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.

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 15(b) credit risk for further information.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

8. Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such asset, and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

	2020	2019
	\$'000	\$'000
Transferred from property, plant and equipment	2,780	–
Impairment	(1,780)	–
Total assets held for sale	1,000	–

9. 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.

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

	2020
Land and Buildings	8–60 years
Motor vehicles	3-5 years

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

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

Leases as a lessee (cont.)

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	2020	2019
	\$'000	\$'000
Land and buildings		
At cost	906	–
Accumulated depreciation and impairment	(120)	–
Total land, buildings & improvements	786	–
Motor vehicles		
At cost	853	–
Accumulated depreciation and impairment	(336)	–
Total motor vehicles	517	–
Total property, plant and equipment carrying amount	1,303	–

Reconciliation

Carrying amount at 1 July 2019

Additions

Disposals

Depreciation

Carrying amount at 30 June 2020

	Land and buildings	Motor vehicles	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2019	906	644	1,550
Additions	–	340	340
Disposals	–	(24)	(24)
Depreciation	(120)	(443)	(563)
Carrying amount at 30 June 2020	786	517	1,303

Lease liabilities

Current

Non-current

Total

	2020	2019
	\$'000	\$'000
Current	412	–
Non-current	914	–
Total	1,326	–

Expenses recognised in profit or loss

Interest expense on lease liabilities

Expenses relating to short-term leases

Total cash outflow for leases

Outflow

	2020	2019
	\$'000	\$'000
Interest expense on lease liabilities	59	–
Expenses relating to short-term leases	59	–

	2020	2019
	\$'000	\$'000
Outflow	617	659

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

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

Leases as a lessee (cont.)

Reconciliation of operating lease commitments at 30 June 2019 to the lease liabilities at 1 July 2019

Total undiscounted lease commitments at 30 June 2019

Less leases with remaining lease term of less than 12 months

Less commitments not classified as leases under AASB 16

Discounted using the incremental borrowing rate at 1 July 2019

Lease liabilities at 1 July 2019

2019
\$'000
6,469
(90)
(4,643)
(186)
1,550

Operating lease commitments at 30 June 2019

2018-19 disclosures under AASB 117

These leases relate to land and buildings. 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

2019
\$'000
634
1,165
4,670
6,469

During the year ended 30 June 2019, \$0.47 million was recognised as revenue in the Statement of Profit and Loss.

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

2020	2019
\$'000	\$'000
228	367
324	645
344	325
896	1,337

During the year ended 30 June 2020, \$0.39 million was recognised as revenue in the Statement of Profit and Loss and Other Comprehensive Income in respect of operating leases (2019: \$0.47 million).

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

10. Property, plant and equipment

(i) Recognition and measurement

All assets, including 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 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

	2020	2019
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	10–50 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 2020

10. Property, plant and equipment (cont.)

(a) Balances and reconciliation of carrying amount

Land, buildings & improvements

Land:

At fair value

Buildings & improvements:

At fair value

Total land, buildings & improvements

Infrastructure assets

At fair value

Total infrastructure assets

Minor plant & equipment

At cost

Accumulated depreciation

Total minor plant & equipment

Motor vehicles

At cost

Accumulated depreciation

Total motor vehicles

Assets under construction

At cost

Total property, plant and equipment carrying amount

	2020	2019
	\$'000	\$'000
	16,670	16,403
	38,117	40,781
	54,787	57,184
	643,541	656,370
	643,541	656,370
	13,202	12,031
	(6,779)	(5,948)
	6,423	6,083
	376	376
	(223)	(196)
	153	180
	13,851	12,256
	718,755	732,073

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

10. 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 2018	45,610	610,638	6,568	207	44,964	707,987
Additions	–	–	–	–	10,563	10,563
Disposals	–	(66)	(2)	–	–	(68)
Transfer to/(from) assets under construction	8,244	30,342	2,759	–	(41,345)	–
Transfers	2,223	–	(2,223)	–	–	–
Depreciation	(1,551)	(15,053)	(1,019)	(27)	–	(17,650)
Write off to Profit and Loss	–	–	–	–	(1,926)	(1,926)
Revaluation increment/(decrement)	2,658	30,509	–	–	–	33,167
Carrying amount at 30 June 2019	57,184	656,370	6,083	180	12,256	732,073
Carrying amount at 1 July 2019	57,184	656,370	6,083	180	12,256	732,073
Additions	–	–	–	–	11,702	11,702
Disposals	(313)	(265)	(12)	–	–	(590)
Transfer to/(from) assets under construction	2,820	7,373	1,400	–	(11,593)	–
Transfer from intangible assets	–	–	–	–	1,970	1,970
Transfers to assets held for sale	(2,756)	–	(24)	–	–	(2,780)
Depreciation	(1,835)	(16,262)	(1,024)	(27)	–	(19,148)
Write off to Profit and Loss	–	–	–	–	(484)	(484)
Revaluation increment/(decrement)	(313)	(3,675)	–	–	–	(3,988)
Carrying amount at 30 June 2020	54,787	643,541	6,423	153	13,851	718,755

(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

	2020	2019
	\$'000	\$'000
Land	10,076	8,672
Buildings and improvements	34,707	32,979
Infrastructure	413,588	406,441
Total cost	458,372	448,092

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

(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.

This approach was applied internally by GAWB as at 30 June 2020 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.
- 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.
- 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 remaining \$101.6 million from 2023. The value of the under recovery yet to be recovered at 30 June 2025 is \$119.9 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 (Qld)*.
- The fair value measurement for land, buildings & improvements and infrastructure assets of \$698.33 million (2019: \$713.55 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 2020

(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
2019				
Land, buildings & improvements	–	–	57,184	57,183
Infrastructure assets	–	–	656,370	656,371
Carrying amount at 30 June 2019	–	–	713,554	713,554
2020				
Land, buildings & improvements	–	–	54,787	54,787
Infrastructure assets	–	–	643,541	643,541
Carrying amount at 30 June 2020	–	–	698,328	698,328

11. 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 2020

11. 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 2020. 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 \$1.21M (2019: \$1.66M) and minor business software assets.

Software

At cost

Accumulated amortisation

Total software

Land reservations

At cost

Easements

At cost

CSS development costs

At cost

Accumulated amortisation

Total WSS development costs

Assets under construction

At cost

Total intangible assets

	2020	2019
	\$'000	\$'000
	5,497	5,221
	(3,887)	(3,382)
	1,610	1,839
	29	64
	631	631
	23,246	23,246
	(23,025)	(20,703)
	221	2,543
	1,416	2,696
	3,907	7,773

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

11. 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 2018	2,351	64	631	4,866	2,414	10,326
Additions	–	–	–	–	1,534	1,534
Transfer to/(from) assets under construction	3	–	–	–	(3)	–
Write off to Profit and Loss	–	–	–	–	(1,249)	(1,249)
Amortisation	(515)	–	–	(2,323)	–	(2,838)
Balance at 30 June 2019	1,839	64	631	2,543	2,696	7,773
Balance at 1 July 2019	1,839	64	631	2,543	2,696	7,773
Additions	–	–	–	–	931	931
Transfer to/(from) assets under construction	276	(35)	–	–	(241)	–
Transfer to property, plant and equipment	–	–	–	–	(1,970)	(1,970)
Amortisation	(505)	–	–	(2,322)	–	(2,827)
Balance at 30 June 2020	1,610	29	631	221	1,416	3,907

12. Trade and other payables

	2020	2019
	\$'000	\$'000
Current		
Trade creditors	1,373	876
Security deposits	33	33
Accruals	4,256	3,319
Revenue received in advance	114	1,118
Total current trade and other payables	5,776	5,346
Non-current		
Revenue received in advance	627	740
Total non-current trade and other payables	627	740

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 15(b).

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

13. 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. 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.

Queensland Treasury Corporation loans

2020	2019
\$'000	\$'000
250,378	273,106

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.

Carrying value

Fair value

2020	2019
\$'000	\$'000
250,378	273,106
250,280	277,975

14. 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 2020

14. 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.

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 \$0.7M of annual leave and \$0.1M 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 and shareholding Minister approval to retain the proceeds from a specified land sale arrangement. The effective comparable percentages are 2020 at 80% and 2019 at 80%. All dividends are unfranked. Dividends are declared after reporting date but before the financial statements are authorised for issue.

Current

Dividend
Long service leave
Annual and other leave
Total current provisions

2020	2019
\$'000	\$'000
963	2,116
486	493
1,323	1,096
2,772	3,705

Non-current

Long service leave
Restoration
Total non-current provisions

511	423
125	125
636	548

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

14. Provisions (cont.)

Provision movements

	Dividend	Dividend	Long service leave	Long service leave	Annual and other leave	Annual and other leave	Restoration	Restoration
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current provision	963	2,116	486	493	1,323	1,096	–	–
Non-current provision	–	–	511	423	–	–	125	125
Closing balance at 30 June	963	2,116	997	916	1,323	1,096	125	125
Opening balance of provision at 1 July	2,116	6,948	916	806	1,096	1,070	125	125
Payment of provisions	(2,116)	(6,948)	(55)	(42)	(632)	(1,202)	–	–
Movement in provision calculation	963	2,116	136	152	859	1,228	–	–
Closing balance at 30 June	963	2,116	997	916	1,323	1,096	125	125

15. 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 cash and cash equivalents and 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 (2019: \$10,000,000) working capital facility provided through Queensland Treasury Corporation. This facility was not drawn upon during the financial year. The overdraft facility may be drawn down at any time but may be terminated by the financier without notice. Of the loan facilities, \$250.38 million is fully drawn and has a maturity of 20 years (2019: \$273.11 million).

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

15. Financial risk management (cont.)

(c) Liquidity risk (cont.)

	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
2019						
Financial liabilities						
Trade and other payables	–	–	–	–	4,228	4,228
Interest-bearing liabilities	19,432	57,766	229,725	–	–	306,923
Dividend provision	2,116	–	–	–	–	2,116
Total	21,548	57,766	229,725	–	4,228	313,267
2020						
Financial liabilities						
Trade and other payables	–	–	–	–	5,662	5,662
Interest-bearing liabilities	33,465	20,588	207,164	–	–	261,217
Lease liabilities	412	690	223	–	–	1,325
Dividend provision	963	–	–	–	–	963
Total	34,840	21,278	207,387	–	5,662	269,167

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. At balance date GAWB had \$10,000,000 (2019: \$10,000,000) of unused credit facilities available for use.

(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:

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

15. Financial risk management (cont.)

(d) Interest rate risk (cont.)

- For borrowings existing at the commencement of the regulatory period, the resetting of the debt is aligned with the regulatory pricing period.
- 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 Queensland Treasury Corporation 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 \$'000	Interest rate risk			
		-100 bpts		+100 bpts	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2019					
Cash at bank	4,657	–	–	–	–
Deposits at Queensland Treasury Corporation, at call	37,847	(378)	(378)	378	378
2020					
Cash at bank	3,510	–	–	–	–
Deposits at Queensland Treasury Corporation, at call	26,424	(264)	(264)	264	264

(e) Net fair value

Cash at bank and at call are valued as the amount of the deposit or the purchase price of the underlying security. Receivables are carried at the nominal amount due, less provision for impaired debts which represents the assessed credit risk. Liability to trade creditors is recognised on receipt of goods and services at nominal value. Payment would normally occur within 30 days. Borrowings outstanding at 30 June 2020 have been valued at book using long-term interest rates negotiated with Queensland Treasury Corporation.

(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 2020

16. Commitments and contingencies

Capital and other commitments

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

Amounts to be expensed:

Not later than one year

Later than one year, but not later than five years

More than five years

2020	2019
\$'000	\$'000
3,986	3,497
–	–
–	–
3,986	3,497

Contingent assets and liabilities

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

17. Auditors' remuneration

Audit services

Queensland Audit Office

Audit and review of financial reports

2020	2019
\$'000	\$'000
92	90

For the 30 June 2020 audit, the amount quoted for the audit fee was \$0.09 million (2019: \$0.09 million). There are no non-audit services included in these amounts.

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

Shareholding Ministers

GAWB's responsible Minister is identified as part of GAWB's KMP, and this is the Minister for Natural Resources, Mines and Energy. 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 is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements for 2020, which are published as part of Queensland Treasury's Report on State Finances.

Directors emoluments

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

Sitting Councillors are not remunerated. Following approval by the Governor in Council as the Gladstone Regional Council (GRC) nominated successor, Cr Poya (PJ) Sobhanian was appointed to the Board on 15 September 2016 (ceased 15 September 2019).

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 2020

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 Comprehensive Income;
 - Performance payments for the achievement of balanced organisational performance outcomes (meeting water needs, commercial results, corporate responsibility and capability), with bonuses capped at 15% of KMP remuneration recognised as an expense during the year; and
 - 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 paid.
 - Post-employment benefits, consisting of superannuation contributions to accumulation funds and defined contribution plans.
 - Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide for notice periods and payments on termination only.

As at the date of management certification of these financial statements, the eligibility of KMP to a performance payment for the year ended 30 June 2020 had not yet been determined by the Board. Therefore, any performance payment approved by the Board will be reported as an expense within the 2021 financial year.

Director compensation included the following:

Directors	Appointment/ (Cessation) Date	Short term benefits Directors' fees	Post-employment benefits Superannuation	Total remuneration
		\$'000	\$'000	\$'000
Mrs Maxine Brushe (Chair)	22 August 2019			
2020		47	4	51
2019		–	–	–
Mrs Aurelia Noran	22 August 2019			
2020		24	2	26
2019		–	–	–
Professor Poh-Ling Tan	22 August 2019			
2020		24	2	26
2019		–	–	–
Mr Denis Cook (Chair)	(22 August 2019)			
2020		9	1	10
2019		58	6	64
Mr John Orange	(22 August 2019)			
2020		5	–	5
2019		32	3	35
Cr Poya (PJ) Sobhanian	(15 September 2019)			
2020		–	–	–
2019		–	–	–
Mr Malcolm Leinster	(18 April 2019)			
2020		–	–	–
2019		27	3	30
Total Remuneration				
2020		109	9	118
2019		117	12	129

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

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

18. 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 2023				
2020		450	4	21	475
2019		387	1	21	409
Mr H Barbour (CFO)	Tenure				
2020		274	7	20	301
2019		260	5	23	288
Mrs R Bates (Chief Governance Officer)	Tenure				
2020		210	3	18	231
2019		149	2	13	164
Ms C Byers (General Manager People and Culture)	Tenure				
2020		38	–	4	42
2019		–	–	–	–
Mr G Clarke (General Manager Capital Planning and Delivery)	12 August 2022				
2020		36	1	4	41
2019		–	–	–	–
Mr M Browne (Chief Operating Officer)	(24 February 2020)				
2020		202	–	17	219
2019		64	–	5	69
Mr J Tumbers (Chief Operating Officer)	(19 March 2019)				
2020		–	–	–	–
2019		190	(17)	15	188
Mr T Ward (Chief Engineer)	(5 October 2018)				
2020		–	–	–	–
2019		69	(28)	7	48
Mr J Grayson (CEO)	(31 March 2018)				
2020		–	–	–	–
2019		35	–	3	38
Total Remuneration					
2020		1,210	15	84	1,309
2019		1,154	(37)	87	1,204

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

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

Key executive management personnel performance bonuses

A performance bonus was paid on 13 December 2019 to the CEO, CFO and Chief Governance Officer. In the prior year, a performance bonus was paid on 8 November 2018 to the CEO, CFO, Chief Engineer and the Chief Operating Officer. Performance bonuses are recognised as an expense during the year they are paid.

	2020	2019
	Number	Number
\$50,000 to \$59,999	–	–
\$40,000 to \$49,999	1	–
\$30,000 to \$39,999	1	1
\$20,000 to \$29,999	1	2
\$10,000 to \$19,999	–	1
\$0 to \$9,999	–	–
Total	3	4

Transactions with directors and director related entities

In the ordinary course of business, under normal terms and conditions and excluding director remuneration, during the financial year GAWB has dealt with the following entities, which are director related entities:

- GRC, of which Mr Poya (PJ) Sobhanian was a councillor.

GAWB entered into 15 transactions for the supply of goods and services to director related entities during the year (2019: 13 transactions) and 59 transactions for the purchase of goods and services (2019: 68 transactions). The aggregate amounts recognised in profit or loss during the year relating to directors and director related entities, other than directors' remuneration, comprise:

	2020	2019
	\$'000	\$'000
Revenue		
Water revenue	18,214	17,504
Other income	10	–
Total revenue	18,224	17,504
Expenditure		
Other expenses	449	345

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

	2020	2019
	\$'000	\$'000
Receivables		
Trade receivables	1,249	1,466
Payables		
Trade creditors	24	–

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

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

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

The terms and conditions of the transactions with KMP 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, KMP 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 customers 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.

Revenue

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

Total revenue

	2020	2019
	\$'000	\$'000
	2,478	2,387
	930	933
	315	769
	–	1
	3,723	4,090

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
Other

Total expenses

	7,618	7,731
	8,632	10,587
	319	521
	1,206	1,139
	75	76
	17,850	20,054

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

	2020	2019
	\$'000	\$'000
	212	205
	70	123
	26,424	37,847
	26,706	38,175

Payables

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

Total payables

	250,378	273,106
	570	623
	150	44
	251,098	273,773

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

19. Climate risk

GAWB has not identified any material climate risks relevant to the financial report at the reporting date, however, constantly monitors the emergence of such risks under the Queensland Government's Climate Transition Strategy.

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.

20. 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 2020 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



H. Barbour
Chief Financial Officer

Gladstone Area Water Board
20 August 2020

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 2020, 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 2020, 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 of Queensland 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 of Queensland Auditing Standards.

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

Responsibilities of the entity for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

Independent Auditor's Report (cont.)

TO THE BOARD OF GLADSTONE AREA WATER BOARD

- 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

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2020

- a) I received all the information and explanations I required.
- b) In my opinion, 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.

26 August 2020



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.				
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 2020					
Position	Name	Meetings/sessions attendance	Approved annual, sessional or daily fee	Approved sub-committee fees if applicable	Actual fees received ¹
Chair	Maxine Brushe	Board: 17 ² Audit Committee: 3	\$55,000	\$3,000	\$51,422.75
Director	Poh-Ling Tan	Board: 17 Audit Committee: 3	\$27,500	\$3,000	\$25,711.38
Director	Aurelia Noran	Board: 17 Audit Committee: 3	\$27,500	\$4,000	\$25,711.38
Chair (Former)	Denis Cook	Board: 1 Audit Committee: 1	\$55,000	\$3,000	\$9,770.76
Director (Former)	John Orange	Board: Nil Audit Committee: 1	\$27,500	\$4,000	\$5,306.56
Director	Poya (PJ) Sobhanian	Board: 1	Nil	Nil	Nil
No. scheduled meetings/sessions	Board: 18 Audit Committee: 4				
Total out of pocket expenses	\$2,525.04				

1 Actual fees received include approved fees plus superannuation of 9.5%.

2 There were 8 ordinary board meetings and 9 special board meetings. The special board meetings were required to approve GAWB's financial statements and address issues related to the price monitoring review.

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 		Page 4 Page 74
	<ul style="list-style-type: none"> Public availability 		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 		Page 2
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs – section 10.1	Page 5
	<ul style="list-style-type: none"> Agency role and main functions 	ARRs – section 10.2	Page 5
	<ul style="list-style-type: none"> Operating environment 	ARRs – section 10.3	Page 14
Non-financial performance	<ul style="list-style-type: none"> Government's objectives for the community 	ARRs – section 11.1	Page 7
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 11.3	Page 7, 12-13
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs – section 11.4	Page 15-26
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 12.1	Page 12, 34
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 13.1	Page 27
	<ul style="list-style-type: none"> Executive management 	ARRs – section 13.2	Page 31
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs – section 13.3	Page 71
	<ul style="list-style-type: none"> Human Rights 	<i>Human Rights Act 2019</i> ARRs – section 13.5	Page 22

Summary of requirement		Basis for requirement	Annual report reference
Governance – risk management and accountability	• Risk management	ARRs – section 14.1	Page 29-30
	• Audit committee	ARRs – section 14.2	Page 30-31
	• Internal audit	ARRs – section 14.3	Page 31
	• Information systems and record keeping	ARRs – section 14.5	Page 32
Governance – human resources	• Strategic workforce planning and performance	ARRs – section 15.1	Page 25-26
Open Data	• Statement advising publication of information	ARRs – section 16	Page 32
	• Consultancies	ARRs – section 33.1	Page 32
	• Overseas travel	ARRs – section 33.2	Page 32
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – section 38, 39 and 46 ARRs – section 17.1	Page 68
	• Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	Page 69-70

FAA *Financial Accountability Act 2009*

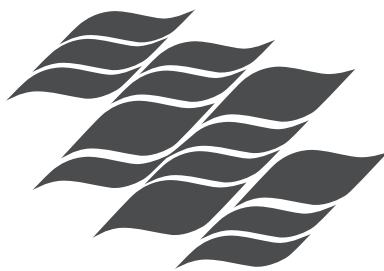
FPMS *Financial and Performance Management Standard 2019*

ARRs *Annual report requirement for Queensland Government agencies*

Glossary

BCP	Business Continuity Plan
Board	GAWB's Board of Directors
CCF	Community Consultative Forum
CRP	Customer Representative Panel
CSS	Contingent Supply Strategy
Department	Department of Natural Resources, Mines and Energy
DMP	Drought Management Plan
DWQMP	Drinking Water Quality Management Plan
EOI	Expression of Interest
FTE	Full Time Equivalent
GAWB	Gladstone Area Water Board
GFP	Gladstone-Fitzroy Pipeline
ICT	Information and Communication Technologies
KPI	Key Performance Indicator
LCMP	Lifecycle Management Plan
MDQ	Maximum Daily Quantity
Minister	Minister for Natural Resources, Mines and Energy
ML	Megalitres
ML p.a.	Megalitres per annum
QCA	Queensland Competition Authority
QTC	Queensland Treasury Corporation
Recreational Strategy	Lake Awoonga Recreational Strategy
ROL	Resource Operations Licence
SAP	Safety Action Plan
SCADA	Supervisory Control and Data Acquisition
Water Act	<i>Water Act 2000 (Qld)</i>
WSS	Water Security Strategy





**Gladstone Area
Water Board**

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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.