



**Gladstone Area  
Water Board**

# **2019** ANNUAL REPORT



# 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 2019.**

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 ensure the long and short-term water needs of our current and future customers are met in ways that are environmentally, socially and commercially sustainable.

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

- *Financial Accountability Act 2009*
- *Financial and Performance Management Standard 2009*
- *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](http://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](mailto: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**

31 October 2019

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 2019 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 2009*; 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 87

Yours sincerely

A handwritten signature in black ink, appearing to read 'Maxine Brushe'.

Maxine Brushe  
Chair

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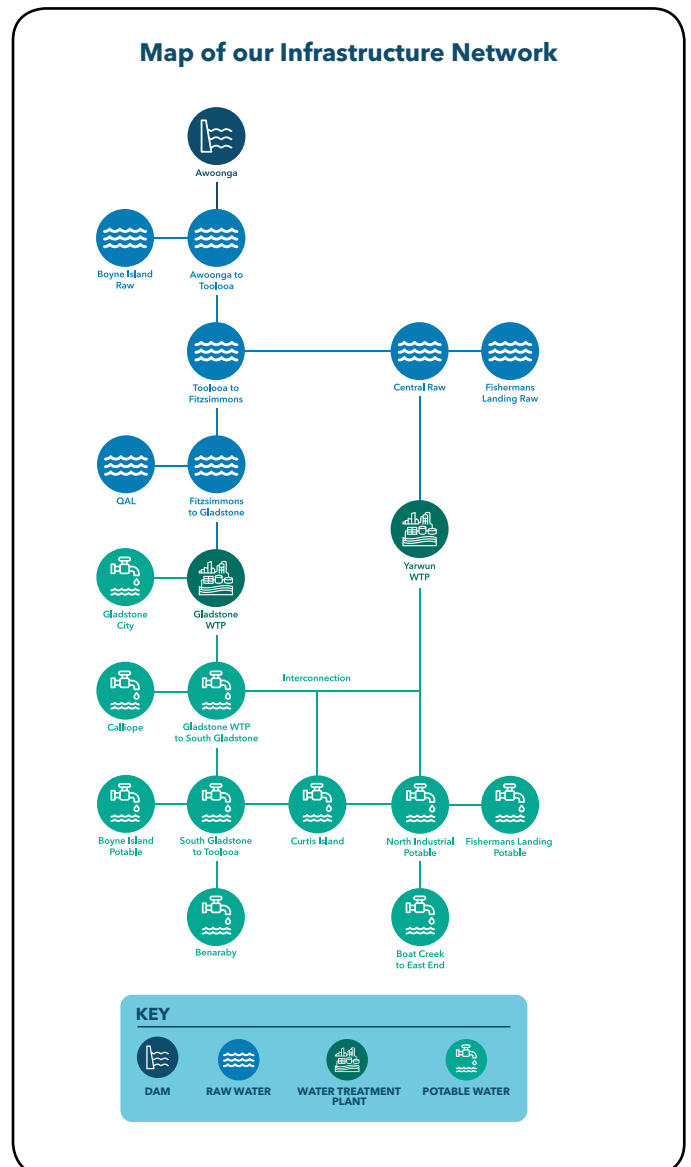


# About us

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*. 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)*.

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. Awoonga Dam is the fourth largest water storage in Queensland and at full capacity it can hold 776,854 megalitres (ML) - enough to fill 310,742 Olympic sized swimming pools.

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 GAWB can extract a maximum of 78,000 ML p.a. from Awoonga Dam for supply to customers. We supply both treated and raw water to industrial customers and the Gladstone Regional Council (GRC) who then acts as a reticulator and retailer to residential customers and small businesses. As a customer focused organisation, we seek to ensure that the needs of our customers and community are met whilst operating in a safe, cost-efficient and environmentally sustainable manner.





# Overview from the CEO

Over the last 12 months, Gladstone Area Water Board has embarked on a transformational journey across the entire business. And while this is an ongoing and continuously evolving process, we have made many great improvements together over the last year which are commendable.

Cultural change is never easy, but we are setting the foundations for a stronger, more successful future. Focusing on strategy, performance improvement and meaningful behaviour shifts, we have implemented a variety of key initiatives across all three business units. And so, throughout this annual report you'll recognise a common theme - change, transformation and the pursuit of excellence in everything that we do.

With these themes in mind, it is my pleasure to introduce the 2018-19 Annual Report.

Some of the key work programs we have successfully executed this year include:

- commissioning of our \$35 million Offline Water Storage Facility
- development and formal implementation of our new Vision, Mission and Values
- finalisation and Board approval of the Lake Awoonga Recreational Strategy
- extensive preparatory work towards our price monitoring submission to the Queensland Competition Authority (QCA)
- a review of our Safety Management System
- launching our strategic review and cultural change program.

Our first step towards organisational change in 2018-19 was to refresh our Vision, Mission and Values - a move that will ultimately guide our strategic and operational direction into the future. The objective of our new Vision, Mission and Values is to better reflect our employees' motivational drivers, the services we provide to our customers and stakeholders, and the strategic direction of our organisation. Throughout this

annual report, you will read more about GAWB's path towards implementing our new Vision, Mission and Values.

As the monopoly bulk water business for the Gladstone region, we are subject to periodic price monitoring reviews by the QCA. After an exhaustive internal and external consultation process that began in 2017, including the establishment of our industry best practice Deliberative Customer Engagement Model and Community Consultative Forum, we lodged our pricing submission to the QCA on 30 September 2019.

We are confident the submission will reflect the needs of our key stakeholders - our customers and the Gladstone community. There is no better example of this link than the successful completion of the Lake Awoonga Recreational Strategy. The Strategy aims to improve the useability of Lake Awoonga for residents and visitors to the Gladstone region. Working together with our Community Consultative Forum, we developed the Strategy, which will form a major piece of our submission to the QCA. Following consultation with our customers, it was finalised and approved by the Board in March 2019.

Along with our strategic work reshaping our people and culture program, we have also embarked on a major transformation project aimed at improving our approach to safety. After an extensive review and consultation process with our employees and numerous safety experts, we are now implementing the findings of our Safety Management System review. This will include the introduction of a new Accountability Framework and Safety Life Saver Rules that is aimed at embedding industry best practice and behaviours into the way we work.

Our focus on safe work culture will only continue to grow as we deliver on our renewed commitment to sending employees home safe at the end of each day. Our goal is zero harm, and we will work hard to make that promise a reality.

October 2018 saw the completion of construction and commissioning of our Offline Water Storage Facility. This major capital project is a significant achievement for GAWB, ensuring water security and reliability for our customers and the Gladstone community. The facility can supply between 10 and 14 days' of raw water in the event Awoonga pump station is offline.

Significant progress was made during the year on the Hatchery Relocation Project; a development that will see a new hatchery constructed at Lake

Awoonga. Due for completion in 2020, the new facility will feature an entirely new 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.

Our financial performance was strong in 2018-19, with the organisation recording a net profit of \$2.64 million after tax.

Finally, I would like to conclude this message by recognising the tireless efforts of GAWB's 95 employees. None of the achievements I have outlined above would be possible without the hard work, commitment and professionalism our people bring to the organisation on a day-to-day basis. We have asked a lot of our employees over the last 12 months, and they have risen to the challenge admirably - delivering for our customers and for our community.

2018-19 has been about resetting our core foundations and vision; the next 12 months is about building on them - together delivering safe and reliable water services to enhance the liveability of our region.



**Darren Barlow**

Chief Executive Officer

# Our strategic direction

During 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 a bulk water supplier into the future. The first body of work undertaken was the review of our Vision, Mission and Values. Following a series of surveys, workshops and interviews with employees, management and the Board,

the new Vision, Mission and Values were approved by the Board in December 2018. We are now in the process of embedding the new Vision, Mission and Values through a comprehensive program of work which will continue in 2019-20. The remainder of the strategic development process will take place in 2019-20 and will form the basis of our strategic objectives over the next three to five years.

## 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.



ENGAGE

We All Contribute. Openly.



SAFETY & WELLBEING

We Look After Ourselves. And Each Other.



ACCOUNTABLE

We Deliver. You and I.



# Business goals

GAWB's business goals are designed to help deliver on our vision. Each of our four business goals are supported by a number of Key Performance Measures (KPMs). We report on our success in meeting these KPMs on a quarterly basis to the Minister.

## 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.



## COMMERCIAL RESULTS

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



## 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.



## CAPABILITY

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




# Fast facts about GAWWB

More than   
**50,000**  
visitors to  
Lake Awoonga  
in 2018-19

225 kilometres   
of pipeline

**9**  **PUMP**  
stations

**14**   
water reservoirs

**776,854** megalitres in  
  
Lake Awoonga at full capacity

**95**   
employees

**2 WATER**   
treatment plants

**23,000**   
hectares of land holdings

# Performance *highlights*

Revenue of  
**\$64.61 million**

Net profit  
after tax of  
**\$2.64 million**

Supplied  
**11,152**  
**megalitres**  
of treated water

**\$12.1 million**  
invested in  
capital  
projects

Supplied  
**42,557**  
**megalitres**  
of raw water

Commissioned  
**\$35 million**  
Offline Water  
Storage Facility

**Maintained**  
accreditation  
for safety, quality,  
environmental &  
asset management  
systems

**100%**  
compliance  
with Drinking  
Water Quality  
Guidelines

**Achieved 2,387**  
days lost time  
injury free

# Non-financial key performance measures

Key Performance Measure	Target	Actual	Notes
<b>Business Goal - Meeting Water Needs</b>			
Supplied volume under legally enforceable contract (i.e. standard contract within GAWB's commercial framework or under accepted standard terms of supply)	>95%	100%	
Committed Yield	<90%	79%	1
Number of unplanned interruptions to supply	4	4	
System Water Losses:			
- Raw water network	<6%	3.55%	
- Potable water network	<3%	0.39%	
Treated water - fitness to drink	100%	100%	
CAPEX spend on all projects within +10%/-20% of Forecast	+10/-20%	-47%	2
Total accumulated CAPEX spent since 1 July 2015 within +10% of total accumulated CAPEX being recovered in customer prices from 1 July 2015	90-110%	126%	3

## Notes

1. Committed yield means the water reserved as a percentage of annual yield available allowing permitted losses.
2. Total CAPEX expenditure for the year was below forecast due to delays in projects and changes within the capital works program.
3. Total expenditure compared to the 5 year QCA Plan over target with the Offline Storage project contributing to this. The additional capital expenditure is not expected to be brought back within the target range by the end of the current pricing period, however, is expected to be included in the Regulated Asset Base in the 2020 QCA price monitoring review.

# Non-financial key performance measures

Key Performance Measure	Target	Actual	Notes
<b>Business Goal - Corporate Responsibility</b>			
Lost time injuries (workers)	≤ 2	1	
Notifiable safety incidents (workers)	≤ 2	Nil	
Compliance with Dam Safety Compliance Statement (DSCS) issued by the regulator	100%	100%	
Breaches of environmental legislation and standards or Resource Operations Licence (ROL) requirements	Nil	Nil	
Community complaints received	≤8	1	
<b>Business Goal - Capability</b>			
Staff retention rate	>85%	82%	4
Compliance with emergency preparedness	100%	100%	

## Notes

4. The downturn in the staff retention rate is in part attributed to a local employer restructure, resulting in job opportunities. Relocation to another city is also another contributing factor.

# Financial position

as at 30 June 2019

		2019 Target	2019 Actual	2018 Actual
Return on Assets (ROA)	%	1.65	1.78	2.98
Operating expenditure (less depreciation, loss on sale of assets & interest) vs budget	%	100	105	113
Water sales revenue	\$ million	59.19	61.30	58.91
Total income	\$ million	61.23	64.61	71.02
Earnings before Interest and Tax (EBIT)	\$ million	13.11	13.86	22.22
Net profit after tax	\$ million	2.07	2.64	8.68
Dividends declared	\$ million	1.66	2.12	6.95
Net cash from operating activities	\$ million	19.12	20.12	29.23
Total assets	\$ million	799.59	791.50	768.46
Total equity	\$ million	427.45	420.66	396.92
Total borrowings	\$ million	273.10	273.11	273.08

## Notes

Refer to page 46 for an overall summary of our financial performance for 2018-19.

# Key business improvement initiatives

Project	Description	Status	Result (Achieved / Not achieved)
Offline Storage	The Offline Water Storage Facility will provide between 10 and 14 days supply of raw water independent of Awoonga Dam within the delivery network.	The project reached practical completion and was commissioned in October 2018. Close out of the project was completed in June 2019.	Achieved
2020 QCA Price Monitoring Review	The Queensland Competition Authority (QCA) has historically reviewed the prices GAWB charges for the supply of bulk water. GAWB will continue its preparation for the next QCA price monitoring review for the 2020-2025 regulatory period.	A Project Plan has been developed and the project is on schedule in accordance with the plan. On 28 June 2019 the Queensland Treasurer issued a referral notice under section 23A of the <i>Queensland Competition Authority Act 1997 (Qld)</i> requiring the QCA to conduct a price monitoring investigation of GAWB. The submission was lodged with the QCA on 30 September 2019.	Achieved

# Key business improvement initiatives

Project	Description	Status	Result (Achieved / Not achieved)
Automation	GAWB will continue to progress the automation of the Gladstone Water Treatment Plant which will integrate control of raw and treated water pumping systems and allow unmanned operation of GAWB's water treatment and water delivery systems.	Implementation of controls at Yarwun Water Treatment Plant, Gladstone Water Treatment Plant and Awoonga Dam has occurred. Tracking of alarms generated has commenced as proof of performance. Project completion scheduled for December 2019.	Achieved
Hatchery	GAWB will build a new hatchery to comply with its regulatory obligation with respect to the raising of the wall at Awoonga Dam and to meet restocking requirements in accordance with its fishing permit. Construction of the hatchery will be completed in 2019-20.	Activities during the year included development of a detailed business case, demobilisation of the existing hatchery, early works at the proposed new site, development of the concept design, commencement of construction of an interim brood stock facility. Board approval for the project was received in June 2019. Overall, project activities are currently on-schedule.	Achieved



# Key business improvement initiatives

Project	Description	Status	Result (Achieved / Not achieved)
Information and Communication Technology (ICT) Systems	GAWB will improve the resiliency of its ICT systems with the completion and implementation of its ICT Strategic Plan, covering Cloud Migration, Enterprise Architecture and Applications Road Map. It will also execute priority initiatives in 2018-19 including improvements to the electronic content management and related document management systems.	The draft ICT Strategic Plan was presented to and endorsed by an internal committee in June 2019. The draft ICT Strategic Plan was presented to the Board, and approved, in July 2019. Several projects, such as the Electronic Content Management Remediation and ICT Service Catalogue have been reprioritised through the ICT Strategic Plan.	Partially Achieved
Review of Contingent Supply Strategy (CSS)	GAWB will review and update the CSS to take account of various changes since it was drafted, including: <ul style="list-style-type: none"> <li>the current status of the Rookwood Weir Project</li> <li>a change to the status of the Environmental Impact Statement for the Gladstone Fitzroy Pipeline.</li> </ul>	GAWB has identified a number of preliminary activities that need to be undertaken before an update of the CSS can commence. It is now anticipated that the CSS will be reviewed in 2019-20, in conjunction with other key strategic planning documents.	Not Achieved



# Operating environment

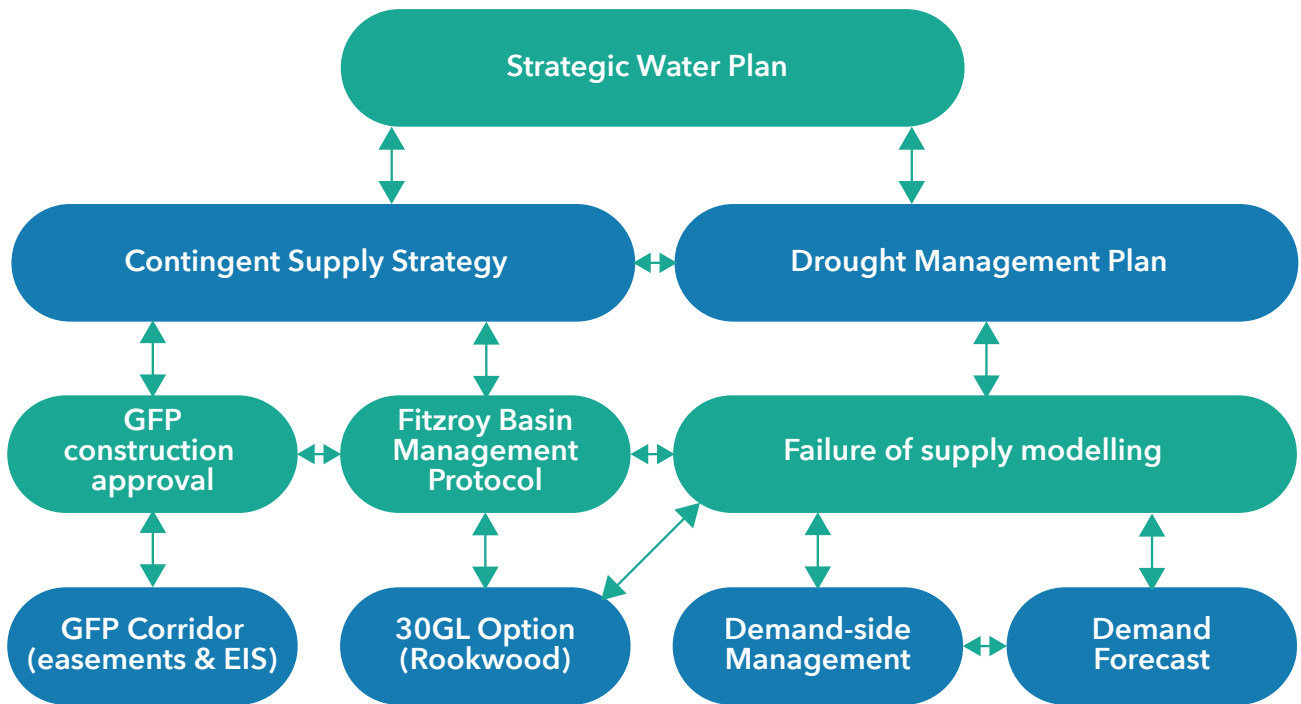
GAWB's operating environment is unique in that we are a bulk water supplier with a small customer base. Security and reliability of supply is critical to our customers who are predominantly operators of multi-billion dollar industrial plants. Water is critical to the production processes in these plants and any disruption to supply has the potential to significantly impact our customers and their business operations. The importance of continuous supply to our customers was a major factor in progressing the Offline Water Storage Facility, which provides us with the capability to supply water to the delivery network independent of Awoonga Dam.

The Awoonga Dam catchment is subject to variable inflows. Considering the changing climatic conditions, it is anticipated that the variability of inflows will increase in the future. Whilst network resilience has improved with the commissioning of the Offline Water Storage Facility, this only has the capability to meet demand for short periods (between 10 and 14 days' supply depending upon customer demand). To mitigate to the inherent risk associated with our reliance on Awoonga Dam, we have a Contingent Supply Strategy (CSS) which details the way in which we would respond to either emerging significant demand increases or a supply shortage due to drought conditions. The preferred augmentation option under the CSS is the Lower Fitzroy River (Rookwood Weir) and the construction of the Gladstone Fitzroy Pipeline (GFP). Given the decision by the State Government that SunWater Ltd is to be the sole proponent for Rookwood Weir, we are now working through a process to determine the appropriate mechanism for securing a second water source from Rookwood Weir. A program of work is also being undertaken in relation to the GFP.

In addition to the CSS, GAWB has a number of interdependent strategic documents which provide a detailed framework to ensure we are well positioned to respond to a demand or drought trigger, including a Strategic Water Plan and Drought Management Plan. During 2017-18, it was identified that a review of the

CSS was required in order to address changes to environmental legislation and to ensure it remained capable of implementation. As part of the review process in 2018-19 it was identified that a revision of each of these documents was prudent, including the underlying assumptions and likely future demand, to better understand

our customer’s needs and inform us regarding the appropriate timeframes for decisions and the triggers in the CSS. This is a significant body of work. The interdependency of the documents and the related activities that need to be undertaken are set out in the below schematic:



# 2020 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 28 June 2019, the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships directed the QCA to conduct a price monitoring investigation into the monopoly business activities of GAWB under section 23A of the *Queensland Competition Authority Act 1997* (Qld).

GAWB lodged its submission on pricing practices with the QCA on 30 September 2019. The QCA is required to report the results of the investigation in draft and final form by 28 February and 29 May 2020, respectively. GAWB’s prices for the period from 1 July 2020 to 30 June 2025 will be determined through this process.



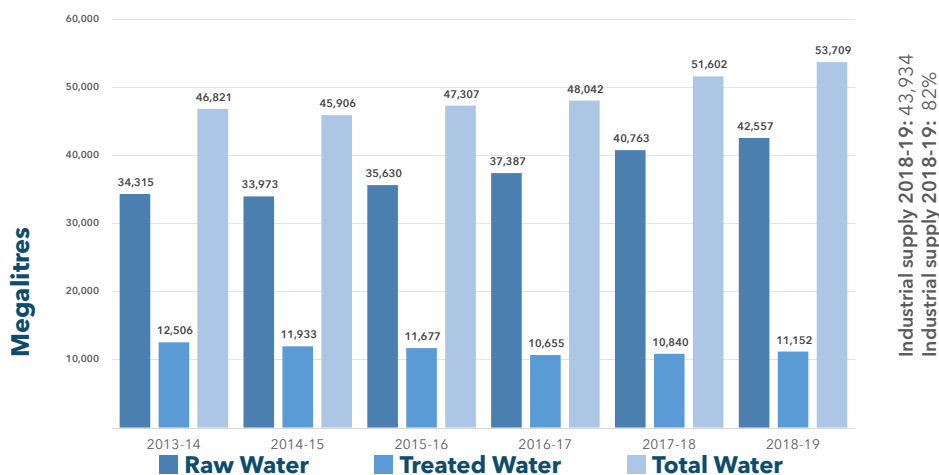
# Year in review: *operations & maintenance*

## Water planning

Maintaining a reliable supply is a critical aspect of GAWB’s operations, particularly given our unique customer base. The importance of ensuring Gladstone residents have access to high quality, treated water supplied by the Gladstone Regional Council (GRC) is also recognised and understood by GAWB. The below graph illustrates the amount of raw and treated water supplied to customers from 2013-14 to 2018-19.

To ensure GAWB has the capability to meet the needs of current and future customers, we have undertaken a review our demand forecast. The review has taken into account the volumes of water that might be reserved by customers, estimates of the probability of known projects proceeding and estimates of the probability of arrival of future customers. The revised demand forecast has been used to inform our submission to the QCA for the 2020 Price Monitoring Review.

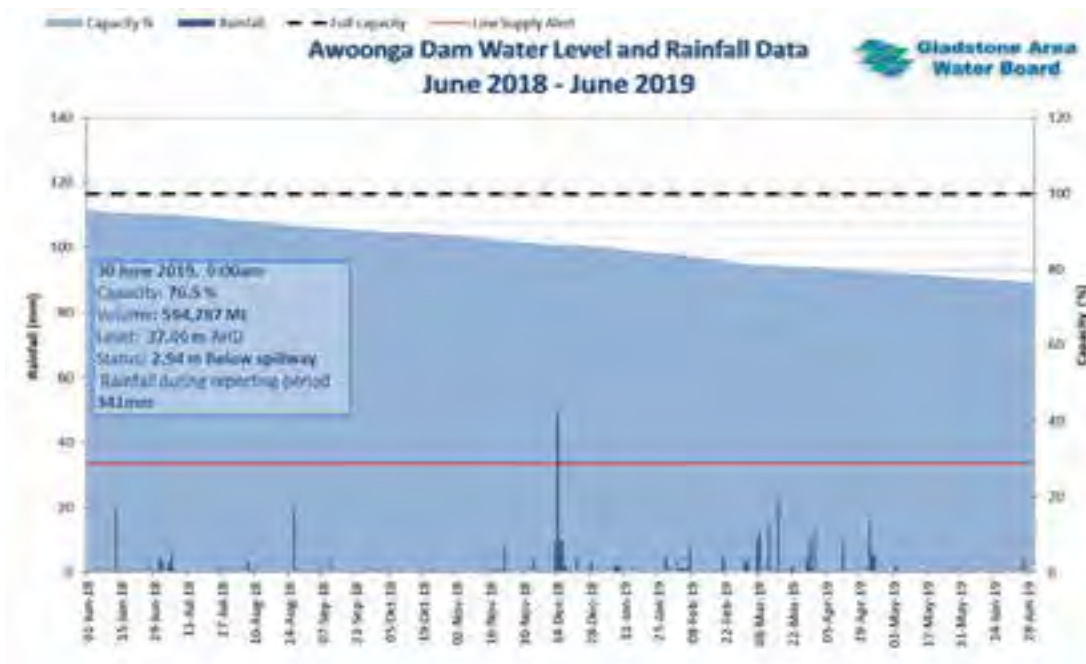
Water supply (ML)



## Water availability

At the beginning of the annual reporting period Awoonga Dam was at 94.2 per cent capacity (0.67 metres below the spillway). Below average rainfall over the wet season has resulted in a steady decline in water levels, as shown in the graph on page 21. As at 30 June 2019 Awoonga Dam was at 76.5 per cent capacity (2.94 metres below the spillway). Inflows into the Awoonga Dam storage have decreased significantly and

GAWB’s environmental (base) release flows to the downstream Boyne River have been reduced, as per our licence conditions. The Bureau of Meteorology August to October climate outlook is for continued drier and warmer than average conditions and the low inflow trend is expected to continue. Assuming current customer demand against an inflow assumption based on worst case or lowest annual inflows, stage one of the Drought Management Plan (Low Supply Alert) will be initiated in around August 2021.



## Water delivery

The Offline Water Storage Facility was completed in October 2018. This additional supply capacity of 1,200 ML enables GAWB to perform major maintenance inspections and repair activities at Awoonga Dam and improves the resiliency of the network in the event there is an unforeseen failure at the Awoonga Dam pump station. Major inspections of the Awoonga Dam pump station and discharge conduits are scheduled to be undertaken in September 2020.

GAWB experienced a reduced number of unplanned interruptions to supply during 2018-19. The improvement in the number of unplanned interruptions is due to the development of a targeted repair and replacement program throughout our delivery network.

GAWB ensures that any customers that will be impacted by a planned supply interruption are consulted in advance of a planned shutdown so as to minimise interruption to their business operations.

## Water quality

GAWB monitors water quality for a number of different purposes, including environmentally relevant activities, the Awoonga Resource Operating Licence

and the requirements of our Drinking Water Quality Management Plan (DWQMP).

GAWB supplies treated water under an approved DWQMP. Through the development and implementation of its DWQMP, GAWB has driven continued 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 monitoring program for water quality 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 year.



## Asset management

With assets in excess of \$1 billion (replacement value) an effective strategic asset management framework is critical to ensuring our assets are managed in a cost-effective and efficient way whilst maintaining reliability of supply across the network. GAWB's asset management system is ISO certified (ISO55001:2014), with a re-certification audit completed in May 2019 by an external auditor (BSI). Ongoing development and improvement of our Lifecycle Maintenance Plans (LCMPs) within TechnologyOne have continued during 2018-19. LCMPs provide predictions on asset replacement, both in terms of timing and cost, and assist in building GAWB's annual and five year capital works program.

## Land management

GAWB owns and manages a portfolio of land providing tenure for Lake Awoonga and GAWB's water supply activities. As at 30 June 2019, GAWB's land holdings totalled approximately 23,850 hectares, consisting predominantly of inundated and rural land. During 2018-19, GAWB finalised the compulsory acquisition of native title and non-native title rights over a number of parcels of State owned land located within the Boyne Valley.

A new framework has been introduced for agistees including implementation of longer term Agistment Agreements and Agistment Management Strategies, whilst considering Grazing Best Management Practices and delivery of a modern approach to land management.

It is pleasing to note that GAWB's land manager is

the President of the Capricorn Pest Management Group (CPMG). In his role as President of CPMG, the Land Manager has formed a strong alliance with regional local councils and natural resource management groups to protect the environment, community and economy from the negative impacts of weed and pest animals.

## Network planning & renewals

Regular condition assessments of GAWB's treatment plants, raw and potable water delivery assets, together with assessments of GAWB's delivery network capacity using hydraulic modelling, are key inputs into the program of necessary asset upgrades and renewals which help ensure the reliable provision of water to GAWB's customers.

Ongoing maintenance of the network hydraulic model allows GAWB to assess the impact of any proposed additional demand on the water delivery network. The hydraulic model is used for assessing changes in flows and pressures in the delivery network resulting from significant step changes in demand.

Network upgrades currently in progress include:

- replacement of an asbestos cement section of pipeline over the Calliope Anabranche bridge, to continue to allow treated water from Gladstone Water Treatment Plant to supplement water from Yarwun Water Treatment Plant. This connection provides additional treated water supply to industrial customers in Gladstone's northern industrial zone
- replacement of the pumps at Boat Creek

(which are at end of life) and installation of variable speed motor drives; due for completion in November 2019

- automation of GAWB's pumping, storage and treatment networks to the latest operating platform are underway; due for completion in November 2019
- continued pipeline replacements, targeting high risk sections based on failure history, age, environment, operating pressure and failure consequence.

Planning for the shutdown of Awoonga Dam, which is scheduled for September 2020, commenced during the reporting period. The shutdown is required to inspect the conduit between the raw water intakes and the pump station.

This is a dam safety requirement now that GAWB is able to take Awoonga Dam offline following the completion of the Offline Water Storage Facility.





# Year in review:

## *capital projects*

### Overview of capital works program

GAWB's capital works program expended \$12.1 million during the 2018-19 financial year, with activities focused on:

- implementing major projects directed at asset end-of-life replacement, risk mitigation and meeting regulatory obligations
- scoping, planning and implementation of various smaller projects
- scoping and planning of 2019-20 projects
- preparation for the 2020 Price Monitoring Review submission.

The capital works program was initially projected to spend \$22.8 million. Delays in major capital projects, specifically the hatchery relocation project and the connection to Gladstone Regional Council's Kirkwood reservoir, make up a significant portion of the expenditure that is forecast to roll over into the next financial year. The impacts of the rescheduling of works, deferral of non-critical projects and improvements in efficiencies also impacted upon the capital expenditure profile for the year.

The capital works program for 2019-20 has been separated into two areas of focus - Front End Development and Project Delivery. A team will be dedicated to each focus area to ensure that

both are delivered, with an emphasis that projects are completed on-time and on-budget. We aim to support the region's economy by appointing local businesses where possible to assist us in the delivery of our capital works program. An overview of our significant capital projects is provided below.

### Offline water storage project

GAWB managed the design and construction of a 1200 ML offline storage and standby pump station in a small valley adjacent to the existing Toolooa reservoir. The purpose of the project was to provide operational storage in the raw water network and pumping capacity independent of Awoonga Dam. This was a significant, multi-year project for GAWB, at a cost of \$35 million.

The construction phase of the project was concluded successfully by GAWB's project team and the Principal Contractor, achieving practical completion of construction works in October 2018 with an excellent safety record.





Hatchery concept design - subject to change.



## Hatchery relocation project

GAWB operates a fish hatchery to meet its regulatory obligation to stock Awoonga Dam with three migratory species of fish natural to the Boyne River System to mitigate the impact of the raising of the Awoonga Dam wall. As GAWB was required to relocate the hatchery from its leased premises, a location was identified at Lake Awoonga for a new hatchery facility. The business case for the construction of the hatchery received board approval in June 2019. The project schedule is targeting commencement of construction in late 2019 with the facility to be fully operational in 2020.

Once complete, the new hatchery will provide us with improved production through more efficient and modern technology and improved biosecurity controls. A fishery monitoring program will be designed and implemented in conjunction with the hatchery relocation project. This will allow GAWB to assess the success of the stocking program and also gain a greater understanding of the Lake Awoonga ecosystem, general health and the impact stocking activities have on the system. This data capture will ensure the long term sustainability of the fishery, whilst also improving stocking activities through more informed habitat selection.

## Awoonga dam sewerage treatment plant project

A new sewerage treatment plant was installed to treat the sewerage generated by the recreation area amenities, houses and caravan park at Awoonga Dam. The project was initiated due to the existing plant reaching end of life. Construction commenced in November 2018 and the plant was commissioned in February 2019. The plant will be operated and maintained by the construction contractor until February 2020 to demonstrate the plant can operate within the design parameters.

## Connection to Gladstone Regional Council Kirkwood reservoir

The Gladstone Regional Council has completed construction of a new reservoir adjacent to Kirkwood Road, which requires construction of a new pump station. Concept design and scoping phases for the pump station for the reservoir have been successfully completed. The detailed design of the facility is currently underway with construction expected to be undertaken between September 2020 and June 2021. Once fully operational the pump station will supply treated water to Kirkwood and Calliope residents. A temporary pumping arrangement will be designed and constructed if supply is required prior to the commissioning of the pump station in 2021.



# Year in review:

## *health, safety & environment*

### Safety

Nothing is more important than health and safety of our employees, which is illustrated by attaining 2,387 days lost time injury (LTI) free. Regrettably, we recorded an LTI during the year. Management had anticipated the need to refresh safety practices and, prior to the incident, a program of activities had begun to emphasise our commitment to safety. We want all of our employees to go home safely to their families every day. As at 30 June 2019, GAWB is 145 days LTI free.

### ISO certification audit

GAWB has an ISO certified management system for safety (AS/NZS 4801). The safety management system is audited by an external auditor (BSI) on an annual basis with a certification audit every 3 years. The certification audit was completed in May 2019, with GAWB receiving confirmation of re-certification.

Notwithstanding the annual audit that is undertaken on our safety management system, during 2018-19 GAWB undertook an independent review to evaluate the effectiveness of the system and identify any opportunities for improvement. An action plan to further embed safety within the organisation and improve our processes is currently underway and will be finalised in 2019-20. This will include the introduction of initiatives such as Safety Life Saver Rules, a review of safety policies and procedures as well as a comprehensive training program for all employees.



### Confined space trailer

Our mechanical and electrical maintenance team are regularly required to undertake activities involving a confined space entry.

During the year the team initiated and completed the fit-out of a trailer containing all of the safety equipment, including lifting and rescue equipment as well as self-contained breathing apparatus, required for a confined space entry task.

Having a dedicated trailer available for confined entry tasks ensures the team has all necessary safety equipment on hand in the event a rescue is required. Team members were also specifically trained in using the trailer before it was put into service.



# Environmental Management

GAWB is committed to long term environmental sustainability through the application of the following principles:

- complying with environmental obligations (legal and other)
- reducing environmental impact
- continually improving environmental performance
- requiring staff and contractors to exercise their duty of care and take responsibility for minimising the environmental impact of their activities
- ensuring environmental management objectives are applied throughout all aspects of the business including planning, construction, operations, maintenance, asset management and product delivery
- contributing to long term environmental sustainability through the application of best practice in environmental and natural resource management.

To achieve these goals, GAWB has committed to developing, implementing, maintaining and continuously improving an environmental management system that is certified to the ISO 14001 Standard. In May 2019, a re-certification audit was undertaken by an external auditor (BSI), with GAWB achieving a successful outcome. This provides GAWB with certification of its environmental management system until 2022.

## Resource operations licence

GAWB holds a Resource Operations Licence (ROL), administered by the Department of Natural Resources, Mines and Energy (Department). The ROL allows GAWB to interfere with the flow of water in the Boyne River, impound it and supply to customers, subject to compliance with operating and supply conditions.

In 2018-19 GAWB undertook the following activities to address compliance conditions associated with the ROL:

- an extensive ongoing water quality monitoring program (as per Australian and New Zealand Environment and Conservation Council and Queensland water quality guidelines)
- an aquatic ecological monitoring program (including aquatic habitat assessment, bank stability, riparian vegetation, fish, water and sediment quality, macroinvertebrates and catchment condition)
- bank slumping and erosion monitoring
- operation and maintenance of a number of stream flow gauging stations, water level meters, flow meters, rain gauges and a weather station
- monitored and reported on release and supply compliance
- reported on infrastructure inspections and changes
- operational, emergency and annual reporting.



## Environmentally relevant activities licence

GAWB's Environmentally Relevant Activities (ERA) Licence is administered by the Department of Environment and Science and stipulates compliance conditions for the following ERAs undertaken at the following sites:

- Treatment Plant (ERA 64 Water Treatment)
- Yarwun Water Treatment Plant (ERA 64 Water Treatment)
- Fish Hatchery (ERA 01 Aquaculture)
- Lake Awoonga Sewage Treatment Plant (ERA 63 Sewage Treatment).

There were no non-compliance notices received by GAWB in relation to any of our ERA licences during the reporting period.

## Continuous improvement

As part of our commitment to continuous improvement and excellence in environmental outcomes, GAWB reviewed and updated a number of plans and implemented various new processes and improved monitoring programs during 2018-19. In 2019-20, the focus will be on the implementation of the Environmental Improvement Plan.

This plan continues to target significant improvements to GAWB's environmental management, including

GAWB's waste management practices (reduce/reuse/recycle) and the development of a Flora and Fauna Management Plan.

## Fish hatchery & turtle triage

GAWB operates a fish hatchery to mitigate the impact that the Awoonga Dam wall has on migratory fish in the Boyne River System. GAWB's stocking program is for barramundi, mangrove jack and sea mullet and is required under the Environmental Impact Statement as these fish only breed in salt water (ie: in the lower Boyne River). Re-stocking Awoonga Dam with these species assists to maintain ecological balance within Lake Awoonga.

During 2018-19 GAWB's hatchery located adjacent to Auckland Creek was demobilised. As detailed on page 25, a project is currently underway to build a new hatchery at a site at Awoonga Dam.

To date GAWB have stocked over 6.7 million fingerlings of various species into Awoonga Dam. Barramundi stocking has reached a total of 5.83 million fingerlings since 1996 and this includes releases of large (150 millimetres+) tagged barramundi which assist with GAWB's fish monitoring program.

In addition to barramundi, there have been over 532,000 sea mullet and 80,000 mangrove jack stocked into Awoonga Dam, with the remaining stocking numbers including freshwater fish species deemed to be self-sustaining and no longer requiring re-stocking efforts.

Throughout the 2018-2019 season 555,870 barramundi were stocked into Awoonga Dam. The fingerlings ranged from 35 millimeters up to 200 millimeters tagged fish. During this period 287 mangrove jack were also stocked. The 2018-2019 stocking season was considerably larger to prepare for a season of 'low to no' stocking whilst the new facility is being constructed.

During the 2018-19 period the GAWB turtle triage received eight injured turtles, with green sea turtles the most common species. GAWB successfully hosted a training day during this period which included Gidarjil rangers and other volunteers within the turtle research and rehabilitation sector.

This initiative was well received and assisted the wider community and groups involved to be better equipped in responding to turtle strandings. The turtle triage program was a collaborative effort between GAWB and the Gladstone Ports Corporation Limited (GPCL), with GPCL providing the required funding for the program. The agreement between GAWB and GPCL has now concluded and the future of the turtle triage operations at the new hatchery is yet to be determined.

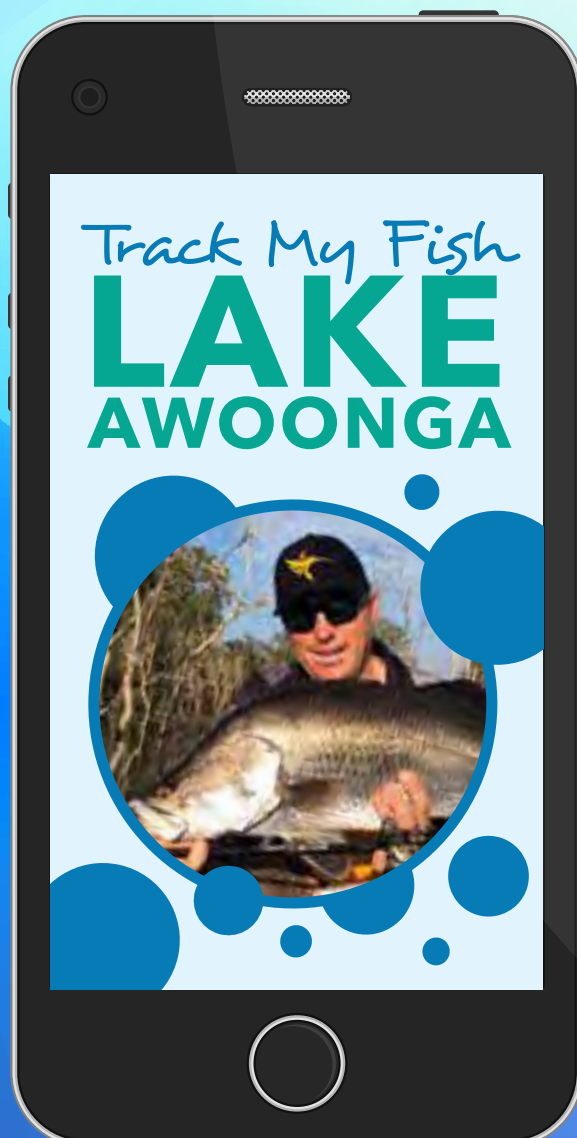
## Track my fish *app*

Fishing at Lake Awoonga continues to be a popular recreational activity, with 25 per cent of visitors using the lake for fishing alone.

To track the number of fish caught at Lake Awoonga, GAWB introduced a mobile phone application in 2018 called Track My Fish Lake Awoonga. Anglers are encouraged to log their catches in the application when they fish at the lake. The data captured in the application assists GAWB's Hatchery team with restocking requirements and helps monitor fish health.

Since its launch, GAWB has recorded:

1. Nearly 400 registered users
2. Over 600 catches
3. Barramundi has been the most popular fish caught.





# Year in review:

## *recreation*

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

During 2018-19 GAWB undertook a number of improvements to its recreational facilities including:

- replacement of all concrete woodfired barbecues with a new sandstone version at Lake Awoonga Recreational Area
- an upgrade of the play facilities at Ironbark Gully at Lake Awoonga Recreational Area
- construction of a caravan waste disposal unit at Boynedale Bush Camp
- provision of a new amenities block at Boynedale Bush Camp to cater for an increased number of visitors.

### Visitor numbers



# 19,000

Boynedale Bush Camp Visitors



# 50,000

Lake Awoonga Visitors

More than 19,000 locals and visitors made use of the free camping facilities at Boynedale Bush Camp with July to September being the busiest months of the year.

Lake Awoonga Recreational Area had approximately 50,000 locals and visitors come through the gates to take advantage of the picturesque location, fishing and boating opportunities.

# Recreational *strategy*

In 2017 we commenced a deliberative engagement process as part of our preparation for our submission to the Queensland Competition Authority (QCA) for the 2020 Price Monitoring Review. A cornerstone of this engagement process was the formation of a Community Consultative Forum (CCF) comprising of representatives from a diverse cross-section of community groups and organisations.

The CCF together with the wider community highlighted an appetite for further utilization

and development of the existing Lake Awoonga Recreational Areas on the eastern (Benaraby) and western (Boyne Valley) sides of the lake.

A key outcome from our engagement with the community was the development of the Lake Awoonga Recreational Strategy (Recreational Strategy). The Recreational Strategy received formal Board endorsement in February 2019 and will be included in GAWB's submission as part of the 2020 Price Monitoring Review.

## WHAT ARE THE KEY INITIATIVES?

There are 29 activities identified in the Recreational Strategy, which fall within three key initiatives:



maintain and upgrade existing facilities



provide new recreational areas and opportunities



promote use of GAWB's recreation areas and facilitate partnerships and commercial opportunities

## Some of the proposed activities in the Recreational Strategy include:



» development of a walking track along the disused railway line between Boynedale Bush Camp and Four Mile Scrub



» installation of loading pontoons at the Recreational Area



» development of a formal boat ramp at Boynedale Bush Camp



» recreational area expansion



» calling for expression of interests from community groups and commercial operators wanting to utilise spaces

# Year in review:

## *people & culture*

### Workforce profile

Our workforce comprises a variety of occupations across various departments which can be categorised as:

- Administrative
- Professional
- Technical
- Operational
- Trainees / apprentices

As at 30 June 2019, our workforce headcount was 95 people (92.0 Full Time Equivalent).

There was an increase in employee turnover from 2017-18 (7.65 per cent annualised) to 2018-19 (16.34 per cent annualised). The spike in employee turnover for the period is in part attributed to a local employer restructure, resulting in increased employment opportunities.

Additionally, GAWB reports a Staff Retention Rate which is premised on the percentage of GAWB employees with permanent employment status at the end of the financial year period against the number of those with permanent employment status at the commencement of the financial year reporting period. In contrast to GAWB's annualised turnover for 2018-19 (16.34 per cent), the staff retention rate for the same period is 82.02 per cent. The annualised turnover rate refers to employees who left the organisation, either by voluntary or involuntary means, regardless of employment status. The Staff Retention Rate measures the retention of permanent employees only.

No redundancy, early retirement or retrenchment packages were paid during 2018-19.

### Employee & industrial relations (E&IR) framework

GAWB's E&IR Framework provides for the following employment status types:

- Permanent (Full Time / Part Time)
- Temporary (Full Time / Part Time)
- Casual

We comply with the National Employment Standards. Our employment framework also incorporates flexible work practices (ie: part-time or casual work, job sharing, working from home, variable starting and finishing times, etc) as part of the overall employee value proposition. Other benefits that are offered to employees include rostered days off, accrued days off, the ability to purchase additional annual leave, accrued annual leave cash out, study leave and paid parental leave.

### Remuneration framework

Our remuneration strategy is premised on benchmarked market remuneration data and external consultant methodology. This is used in determining the work value of positions and the range of the Total Employment Cost, which sets out the applicable minimum-midpoint-maximum salary range for each role. Position descriptions are reviewed on a triennial basis by Mercer to ensure the work value ascribed for the role is appropriate.





## Cultural change journey

In the latter part of 2018, an organisational strategic review commenced, aimed at the continuous improvement of our operations. A key component of this was a review of our Vision, Mission and Values.

This was borne from employee cultural survey data which revealed that the Vision, Mission and Values (at that time) did not resonate with our people and/or were not consistently understood or demonstrated throughout our business.

We undertook a large-scale employee engagement activity to review and refresh our Vision, Mission and Values. The result: a new Vision, Mission and Values developed with the critical input coming directly from our employees. This was the start of a cultural change journey at GAWB!

We recognised that creating a new Vision, Mission and Values was not enough and what ensued was a work program to embed our new Charter in all that we do. That is, we understand that culture is a driver of conduct and accordingly we embarked on a values-led work program. Our values-led work program will continue throughout 2019-20, and will include:

- Revision of our Code of Conduct, supported by a whole of business learning program;
- implementation of Values-based interactions and activities, led by our Leaders to ensure a common understanding and application throughout the organisation
- whole of business roll out of an 'above the

line' behavioural program which aims to influence positive attitudes and behaviours.

## Employee engagement

Throughout the 2018-19 period, GAWB consciously embarked on a wide scale employee engagement strategy.

Our employee engagement strategy included:

- the outwork of the employee cultural surveys undertaken throughout 2018 including sharing the results and actively engaging with our people in workshop settings to identify improvement opportunities
- undertaking a whole of business consultative process which was the basis for the development of our new Vision, Mission & Values
- an Employee Communication Roadshow to update all employees on the strategic projects and major initiatives being undertaken across the business.

## People & culture strategy

A critical review of people practices at GAWB was undertaken throughout the first and second quarters of 2018-19. In the third quarter of 2018-19 we launched our People & Culture Strategy.

Our People & Culture Strategy separates our efforts into three distinct phases (Align; Apply and Accelerate), which we refer to as our AAA Philosophy. The graphic below provides an overview of how we plan to organise and improve our people practices, assisting GAWB in improving operational outcomes and effecting cultural change.

The HR Program of Work for 2018-19 focused on:

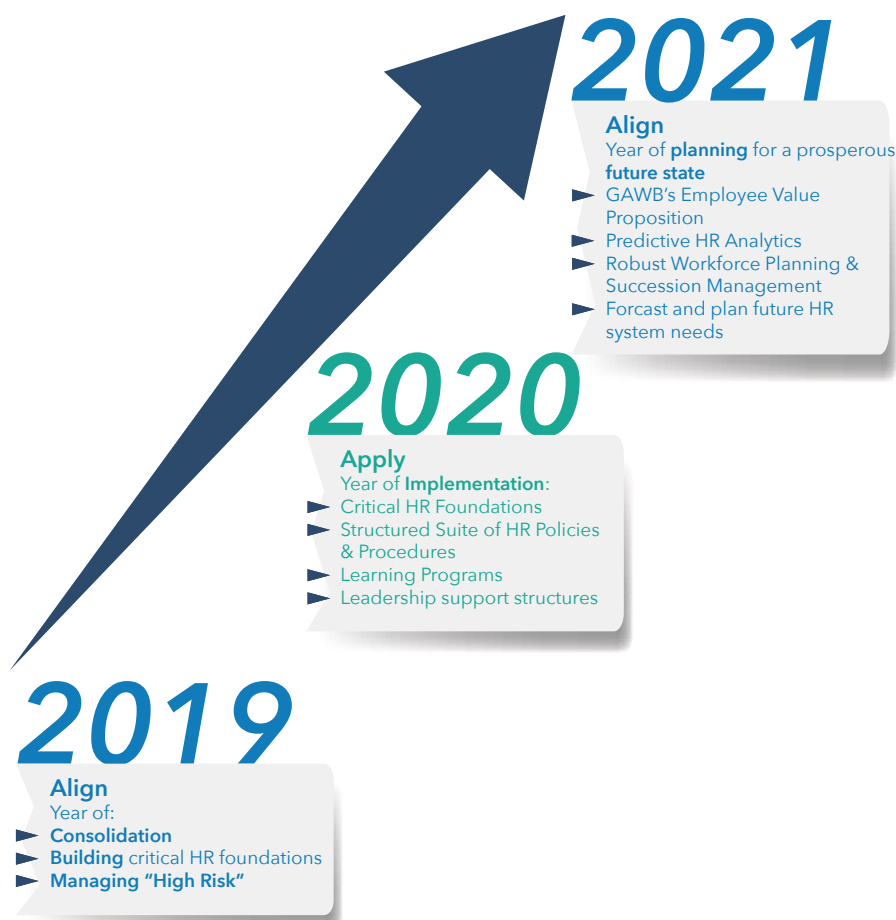
- a review and consolidation of current people practices; and
- establishing and/or improving upon our people frameworks.

GAWB’s approach to leadership will be premised on the ‘servant

leadership’ model and the associated work program is planned for commencement throughout 2020. In essence, our leadership and executive leadership team are there to serve their team members and help them develop and perform at their highest level.

A comprehensive review and subsequent implementation of GAWB’s Workforce Planning Framework is scheduled for delivery in 2021-22. Until such time a Workforce Planning Framework is developed, and subsequent work programs are outworked, strategic workforce management discussions are scheduled annually (December) to inform various people strategies including:

- attraction and retention
- learning priorities
- succession management.



# Year in review:

## *customer & stakeholder engagement*

### **Deliberative customer engagement**

In 2017 GAWB established several engagement activities, under the banner of Deliberative Customer Engagement to inform customers of the 2020 QCA Price Monitoring Review. These activities sought to build trust and support for the delivery of projects and initiatives that provide mutual benefit for GAWB, our customers and the community. To ensure this commitment was achieved in the context of the next price review, GAWB sought stakeholder input early in our planning and decision-making processes. Through various engagement mechanisms, stakeholders were provided the opportunity to provide feedback and/or to co-design initiatives.

To build our understanding of what our customers want and to transition to a more customer focused business, GAWB has implemented a structured customer engagement plan. These engagement activities seek to:

- develop our understanding of their operations
- ensure the information we hold is accurate, useful and relevant to our operations
- facilitate open dialogue on operational priorities and long-term objectives
- explain the way GAWB's water prices are determined.

### **Community consultative forum**

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

During 2018-19, the CCF met on several occasions to discuss ways GAWB could improve the social, environmental and/or economic outcomes for the region.

The broader Gladstone community was also invited to take part in these discussions. These engagement activities culminated in the development of the Lake Awoonga Recreational Strategy (Recreational Strategy). As stated earlier in this report, the Recreational Strategy will be included in the 2020 QCA Price Monitoring Review and is highlighted as one of our key investment programs for the 2020 - 2025 period.

The CCF continues to meet periodically to discuss contemporary issues and to provide feedback on investment and community initiatives.

# Public awareness & perceptions survey

In 2016, Proof Research undertook a benchmark community research study on behalf of GAWB to understand public awareness and perceptions of GAWB's role as a State Government utility in the Gladstone region.

In February 2019, a further wave of research was conducted to gauge perceptions and awareness of GAWB's role in the region, its contribution to local communities and to assess if awareness or perceptions have changed over time.

Overall, awareness and knowledge of GAWB has improved significantly since 2016.



## REPUTATION MEAN RATING

**↑ 3.6** 2019 RATING INCREASE

*GAWB's overall reputation has improved within the community.*

- » 2019 – 3.6
- » 2016 – 3.5



## COMMUNITY INVOLVEMENT



**3 IN 5 RESIDENTS**

*There has been significant improvement in residents' perceptions of GAWB's community involvement since 2016.*

- » 3-in-5 residents (61%) acknowledge GAWB contributes more to the region than solely providing water (compared to 46% in 2016).



## USE OF LAKE AWOONGA RECREATIONAL FACILITIES

**79%** VISITATION RATE

- » 4-in-5 (79%) Gladstone residents visit Lake Awoonga at least once a year and 21% at least once a month.
- » A range of recreational activities are undertaken on or around the lake, the most common being:
  - › Visiting the dam wall
  - › Swimming or water sports
  - › Using the BBQ or picnic facilities.
- » 1-in-4 visitors went fishing and 1-in-5 made use of the camping facilities at Boynedale Bush Camp on their most recent visit to the area.

### Community engagement

During 2018-19 we actively engaged with the Gladstone community at events including the Boyne Tannum Hook Up, Eco Fest, GEA Suppliers Expo and Career Expo. Attending these events provides the general public with the opportunity to learn more about GAWB's operations and our role in the region.

School tours continued to grow in 2018-19, with students from local primary, secondary and tertiary institutions touring our facilities in conjunction with their curriculum. These tours incorporated our fish hatchery (prior to demobilisation), water treatment plant and dam wall infrastructure.

Uptake of the free Community Hydration Station continues to grow. The Hydration Station is available free of charge for use at local community and sporting events. It provides chilled water, reducing the need for single use plastic water bottles.

In 2018-19, GAWB launched the Boyne Valley Agistees Forum to help improve stakeholder engagement and communication with Boyne Valley Agistees and Neighbours. Overall, awareness of GAWB and knowledge of our primary role has improved significantly.

## Sponsorships & donations

A key component of GAWB's social licence to operate within the Gladstone region is an active community investment program, which includes the sponsorship and donations framework that aids GAWB in funding projects and initiatives that align with our business objectives.

Key events sponsored during the year included the Boyne Tannum Hook up, Eco Fest, Martin Hanson Memorial Arts Awards, Gladstone Engineering Alliance Industry Conference and SunFest School Holiday Program.

In 2018-19 GAWB also introduced a new Environmental Micro Grants Program, providing funding for environmentally focused projects, programs and activities within the Gladstone community. The program's purpose is to support initiatives that improve environmental outcomes, improve the community's awareness and understanding of environmental issues and encourage community participation in environmental activities.

### Helping hand for grass roots environmental initiatives

#### Kookaburra Creek Kindergarten Environmental Exploration Garden

Focusing on grass roots initiatives and programs, GAWB awarded its first Environmental Micro Grant to Kookaburra Creek Kindergarten in May.

Thanks to the funding received from GAWB, the Kindergarten will soon install an exploratory garden that will feature drought tolerant Australian native trees, shrubs and grasses chosen to attract native birds and wildlife, along with interpretive signage.

The garden will become an invaluable outdoor learning space for children to develop their knowledge of the natural environment and learn about environmentally sustainable practices.

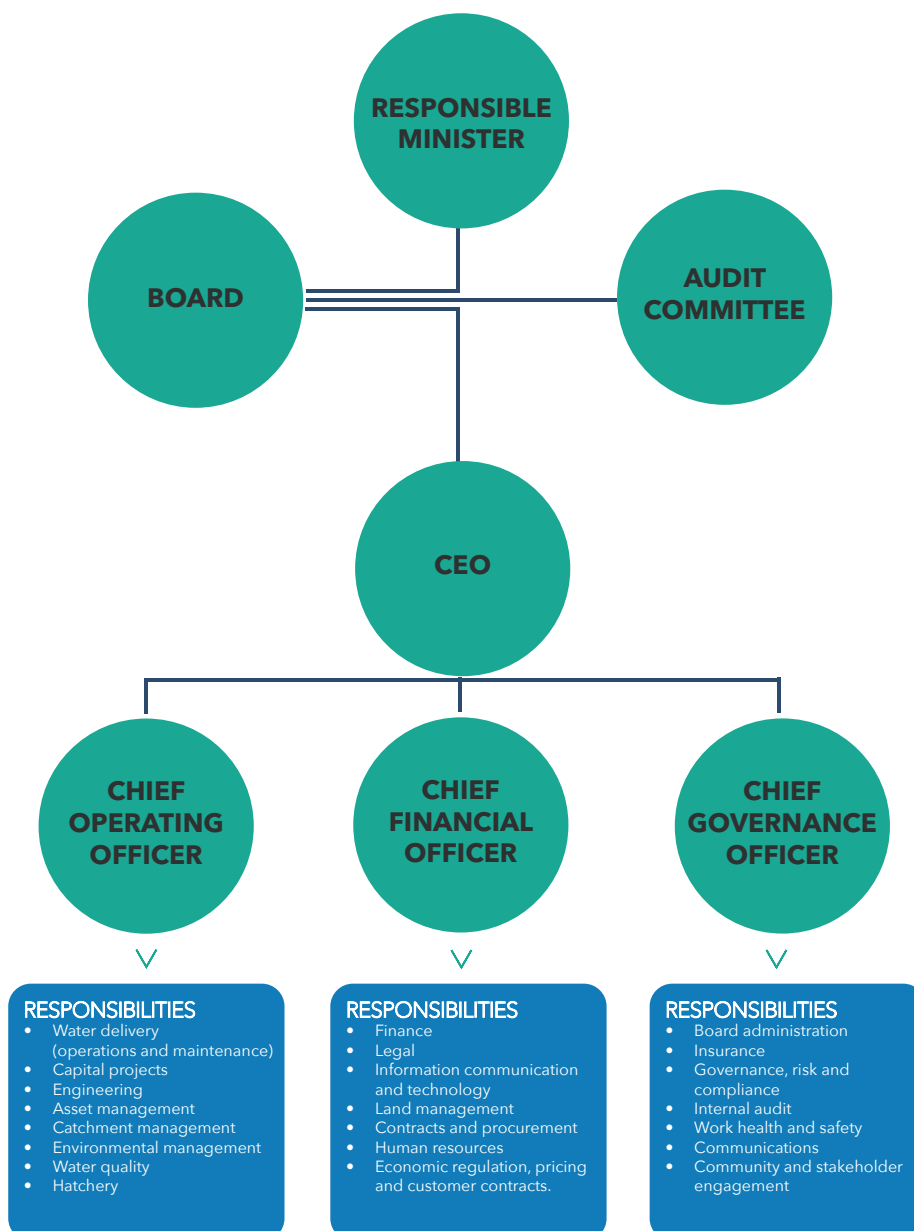


# Corporate governance

## Our organisation structure

A robust corporate governance framework is essential to GAWB’s 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.

GAWB’s organisation structure changed during 2018-19 due to the resignation of the Chief Engineer and the appointment of the Chief Governance Officer to the Executive Leadership Team.



## Our Board

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 reflects key elements of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition).

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

- setting our strategic direction and providing oversight to ensure our objectives are achieved
- monitoring and assessing the performance of the organisation
- reporting and being accountable to the Responsible Minister
- reviewing the performance and remuneration of executive management
- reviewing the risk management and internal control framework.

## Composition of the Board

### Current composition of the Board

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 seek to hold over pursuant to section 604(2) of the Water Act.

### Composition of the Board as at 30 June 2019

As at 30 June 2019, the Board comprised of three Directors (Mr Cook, Mr Orange and Mr Sobhanian) with two vacant offices.

## Board meeting attendance (1 July 2018 to 30 June 2019)

Director	Board Meetings		Audit Committee Meetings	
	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>
Mr Denis Cook	11	11	4	4
Mr John Orange	10 <sup>2</sup>	11	4	4
Mr Malcolm Leinster <sup>3</sup>	10	10	3	3

## Notes

1. Reflects the number of meetings held during the time the Director held office / was a member of the Committee during the year.
2. Although Mr Orange submitted an apology for his absence from the June meeting, he did review the board papers in advance of the meeting and included comments and recommendations on the papers for consideration by the Board and Management.
3. Mr Leinster tendered his resignation on 18 April 2019.

## Current Board members



### **Maxine Brushe**

MAICD

#### **Chair**

Ms Brushe was appointed the Chair on 22 August 2019 for a term of 3 years. Ms 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. Ms Brushe has over 25 years' experience as a Board and Committee Chair in the regional promotion and development sector.



### **Prof. Poh-Ling Tan**

LLB (Hons), U. Malaya; LLB (1<sup>st</sup> 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 strong legal, analytical, oral and written communication skills gained over 35 years of work in legal practice and academia. Her research has focused on water reform in Australia, investigating real-life issues facing communities, stakeholders and water agencies. She has been invited to provide policy advice leading to outcomes on national, regional and local scales.



### **Aurelia Noran**

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

#### **Director**

Ms Noran was appointed to the Board as a Director on 22 August 2019 for a term of 3 years. Ms 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. Ms 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.



## 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.

During 2018-19, its membership comprised Mr Orange (Chair), Mr Cook and Mr Leinster (until his resignation from the Board). 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 2018-19, 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 work plan for 2018-19 and internal audit reports and monitoring management's implementation of internal audit recommendations;
- review of the external audit plan and reports
- review of significant corporate governance documents including the Audit Committee Charter and GAWB's Governance Charter
- oversight of the internal audit tender process to appoint a new internal auditor.

The Audit Committee conducts an annual review of its processes 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

As at 30 June 2019, the Executive Leadership Team 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, held a range of senior executive positions at Aurizon, was director at the Master Builders Association of Queensland and General Manager of Strategic Relations at 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 Berthelsen**

LLB (Hons), AGIA, 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. Having worked in the legal industry for over 18 years, 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.



### **Mark Browne**

BE (Elect), BBus, MBA (UQ), FAICD, CPPD

#### **Chief Operating Officer**

Mark was appointed Interim Chief Operating Officer in April 2019 for a 12 month period. Mark has over 30 years' experience in project and operations management in the water, electrical and defence sectors. Mark has worked on both the client and contractor side in the delivery of large infrastructure projects in excess of \$1B, providing valuable experience for his role as Chief Operating Officer at GAWB.

Mark's previous positions include Executive General Manager at SunWater, General Manager Project Development at Murphy Pipe and Civil, Chief Strategist and Manager Business Development at Boeing Defence Australia, and QLD State Manager Tenix Alliance (now Downer).

## 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.

GAWB utilises an independent, specialist external service provider (internal auditor) to perform its core internal audit activities. During 2018-19 a new internal auditor, BDO Australia Ltd, was appointed following a rigorous tender process and assessment. The Audit Committee provides oversight of the internal auditor in the planning, performance and reporting of the internal audit program. The Audit Committee also reviews the findings of the internal auditor and actions proposed by management to ensure recommended improvements are adopted and implemented.

## Risk management

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 2018-19 GAWB engaged BDO to conduct a review of the policies, processes and implementation status of the risk management framework and undertake a risk management maturity assessment to give guidance on the relative maturity of the primary

components of comprehensive risk management and identify activities to reach a more mature state. The program of work from the risk maturity assessment process will commence in 2019-20.

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

## Fraud control and prevention

GAWB does not tolerate fraudulent or corrupt conduct and has a comprehensive framework to prevent, detect and respond to complaints of this nature. 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.

## 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.

## Information and communications technology

During 2018-19 and building on the achievements from previous years, Information and Communication Technology (ICT) completed an upgrade to the TechnologyOne system, which introduced single touch payroll in compliance with Australian Taxation Office requirements. The upgrade also gave access to new features and system improvements that can be easily adopted and utilised within GAWB.

GAWB is continuing a journey of transition to a managed services model. This model will allow GAWB to exploit scalability, reliability and consistency of service whilst adhering to Queensland Government Chief Information Officer's guidelines. As part of this journey, GAWB successfully migrated its Learning Management System and Incident Management System from on-premise to a fully managed cloud hosted environment. GAWB also replaced its end of life ICT infrastructure which is now managed through appropriate support contracts. The activities undertaken in 2018-19 accord with the ICT Strategic Plan.

During 2019-20 major ICT initiatives will include:

- a storage array network refresh and transition to a managed service solution
- finalising a managed cybersecurity service offering that will provide 24x7x365 cyber-attack monitoring and remediation.

From a cybersecurity perspective,

GAWB successfully rolled out an awareness program, complemented by mandatory training, to all employees during 2018-19. A cybersecurity audit associated with System Control and Data Acquisition systems was also undertaken during the year. Cybersecurity insurance also forms part of our insurance program, in the event that we are subject to a cybersecurity attack.

## Reporting

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 documents including an annual Performance Plan, 5-year Corporate Plan, Quarterly Reports and our Annual Report. We also provide a timely response to any request for information from the Minister's office or the Department.

## 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>).

## Right to information

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.

# Goals

## for 2019-20

GAWB has identified a number of key business improvement projects and initiatives, as set out below, to be implemented during 2019-20 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'.

Objective/project, description and key milestones	Alignment with Business Goals			
	Meeting Water Needs	Commercial Results	Corporate Responsibility	Capability
<p><b>2020 Regulatory Review</b></p> <p>The Queensland Competition Authority (QCA) periodically reviews the prices GAWB charges for the supply of bulk water. During 2019-20 GAWB will finalise and submit its submission to the QCA for the 2020-2025 regulatory period.</p>	✓	✓	✓	✓
<p><b>Cultural Change Program</b></p> <p>GAWB will implement its new mission, vision and values within the organisation and undertake a number of initiatives to improve GAWB's organisational culture.</p>	✓	✓	✓	✓
<p><b>Enhancement of Safety Management System</b></p> <p>GAWB will undertake a program of activities to enhance its safety management system (SMS) and ensure the SMS continues to effectively manage work health and safety risks.</p>			✓	✓
<p><b>Hatchery Relocation Project</b></p> <p>GAWB is required to vacate its current hatchery premises. GAWB will build a new fish hatchery to comply with its regulatory obligation with respect to raising of the dam wall and to meet restocking numbers in accordance with the fishing permit.</p>		✓	✓	✓
<p><b>Review of Contingent Supply Strategy (CSS)</b></p> <p>GAWB will review and update the CSS to take account of various changes since it was drafted, including:</p> <ul style="list-style-type: none"> <li>the current status of the Lower Fitzroy River Infrastructure Project (Rookwood Weir)</li> <li>a change to the status of the Environmental Impact Statement for the Gladstone Fitzroy Pipeline.</li> </ul>	✓	✓	✓	✓



# Financial performance

GAWB's net profit after income tax equivalents for 2018-19 is \$2.64 million, a \$0.58 million favourable variance to budget. We received a total of \$64.61 million in revenue, \$3.38 million above budget. The favourable variance is largely attributable to increased customer demand and recovery of expenditure previously written off on the transfer of Rookwood Weir Project assets to SunWater.

Our operating costs were higher than budget. This is attributable to higher costs in the areas of maintenance and electricity, the latter being due to the commissioning of the Offline Water Storage Facility.

GAWB's net assets at 30 June 2019 amounted to \$420.66 million, \$2.05 million below budget. GAWB's borrowings as at 30 June 2019 totalled \$273.11 million.

GAWB returned a paid dividend of \$6.95 million (ordinary dividend \$2.35 million and special dividend of \$4.60 million) to the Queensland Government and recommended a dividend payable of \$2.12 million for 2018-19 (\$0.46 million favourable variance to budget).

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

# *Financial* **statements**

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# Statement of profit and loss and other comprehensive income

for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
<b>Continuing operations</b>			
Revenue	4(a)	61,300	59,426
Other income	4(a)	3,308	11,593
<b>Total income</b>		<b>64,608</b>	<b>71,019</b>
<b>Expenditure</b>			
Employee expenses	4(b)	(12,336)	(12,193)
Operational expenses	4(b)	(14,748)	(16,769)
Finance costs	4(b)	(10,182)	(9,940)
Write off on non-current assets		(3,175)	-
Depreciation	9	(17,650)	(16,789)
Amortisation	10	(2,838)	(3,051)
<b>Total expenditure</b>		<b>(60,929)</b>	<b>(58,742)</b>
<b>Profit from continuing operations before income tax</b>		<b>3,679</b>	<b>12,277</b>
Income tax equivalents expense	5(a)	(1,035)	(3,594)
<b>Profit for the year</b>		<b>2,644</b>	<b>8,683</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation of property, plant and equipment	9	33,167	19,106
Income tax relating to components of other comprehensive income		(9,950)	(5,732)
<b>Total other comprehensive income, net of income tax</b>		<b>23,217</b>	<b>13,374</b>
<b>Total comprehensive income for the year</b>		<b>25,861</b>	<b>22,057</b>
<b>Profit attributable to:</b>			
Owners of Gladstone Area Water Board (GAWB)		<b>2,644</b>	<b>8,683</b>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of GAWB		<b>25,861</b>	<b>22,057</b>

The accompanying notes form part of these financial statements.



# Statement of financial position

as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6(a)	42,504	29,568
Trade and other receivables	7	6,450	9,038
Assets held for sale	8	-	10,713
Inventories		572	782
Current tax asset	5(b)	2,102	-
<b>Total current assets</b>		<b>51,628</b>	<b>50,101</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	732,073	707,987
Intangible assets	10	7,773	10,326
Biological assets		23	49
<b>Total non-current assets</b>		<b>739,869</b>	<b>718,362</b>
<b>Total assets</b>		<b>791,497</b>	<b>768,463</b>
<b>Current liabilities</b>			
Trade and other payables	11	5,346	7,880
Provisions	13	3,705	8,471
Current tax liability	5(b)	-	916
<b>Total current liabilities</b>		<b>9,051</b>	<b>17,267</b>
<b>Non-current liabilities</b>			
Loans and borrowings	12	273,106	273,083
Provisions	13	548	606
Trade and other payables	11	740	1,927
Other non-current liabilities		1	1
Deferred tax liabilities	5(c)	87,387	78,660
<b>Total non-current liabilities</b>		<b>361,782</b>	<b>354,277</b>
<b>Total liabilities</b>		<b>370,833</b>	<b>371,544</b>
<b>Net assets</b>		<b>420,664</b>	<b>396,919</b>
<b>Equity</b>			
Contributed equity		64,647	64,647
Asset revaluation surplus		315,246	292,126
Retained earnings		40,771	40,146
<b>Total equity</b>		<b>420,664</b>	<b>396,919</b>

The accompanying notes form part of these financial statements.

# Statement of changes in equity

for the year ended 30 June 2019

	Contributed equity	Asset revaluation surplus	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2017</b>	<b>64,647</b>	<b>281,264</b>	<b>35,899</b>	<b>381,810</b>
<b>Comprehensive income for the period</b>				
Profit from continuing operations	-	-	8,683	8,683
Other comprehensive income	-	13,374	-	13,374
Total comprehensive income	-	13,374	8,683	22,057
<b>Transfers within equity</b>				
Disposal of revalued assets	-	(2,512)	2,512	-
<b>Transactions with owners as owners</b>				
Dividends proposed	-	-	(6,948)	(6,948)
<b>Balances at 30 June 2018</b>	<b>64,647</b>	<b>292,126</b>	<b>40,146</b>	<b>396,919</b>
<b>Balance at 1 July 2018</b>	<b>64,647</b>	<b>292,126</b>	<b>40,146</b>	<b>396,919</b>
<b>Comprehensive income for the period</b>				
Profit from continuing operations	-	-	2,644	2,644
Other comprehensive income	-	23,217	-	23,217
Total comprehensive income	-	23,217	2,644	25,861
<b>Transfers within equity</b>				
Disposal of revalued assets	-	(97)	97	-
<b>Transactions with owners as owners</b>				
Dividends proposed	-	-	(2,116)	(2,116)
<b>Balances at 30 June 2019</b>	<b>64,647</b>	<b>315,246</b>	<b>40,771</b>	<b>420,664</b>

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 2019

	Notes	2019	2018
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
<i>Inflows:</i>			
Receipts from customers		62,167	68,916
Interest received		769	667
<i>Outflows:</i>			
Payments to employees		(12,187)	(12,187)
Payments to suppliers and services		(14,691)	(14,823)
Borrowing costs paid		(10,166)	(9,673)
Net Goods and Services Tax (GST)		(494)	933
Tax equivalents paid to Queensland Treasury		(5,276)	(4,497)
Refund of security deposits		-	(106)
<b>Net cash provided by operating activities</b>		<b>20,122</b>	<b>29,230</b>
<b>Cash flows from investing activities</b>			
<i>Inflows:</i>			
Proceeds from sale of property, plant & equipment		12,020	572
<i>Outflows:</i>			
Acquisition of property, plant & equipment		(11,704)	(37,833)
Acquisition of intangible assets		(310)	(5,778)
Interest paid on construction of property, plant & equipment		(244)	(325)
<b>Net cash used in investing activities</b>		<b>(238)</b>	<b>(43,364)</b>
<b>Cash flows from financing activities</b>			
<i>Inflows:</i>			
Proceeds from borrowings		-	30,000
<i>Outflows:</i>			
Dividends paid		(6,948)	(5,495)
<b>Net cash (used in)/from financing activities</b>		<b>(6,948)</b>	<b>24,505</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>12,936</b>	<b>10,371</b>
Cash and cash equivalents at 1 July		29,568	19,197
<b>Cash and cash equivalents at 30 June</b>	6(a)	<b>42,504</b>	<b>29,568</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

## for the year ended 30 June 2019

### 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 Government. 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 9.

##### Functional and presentation currency

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

##### Rounding of amounts

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

##### Classification between current and non-current

GAWB presents assets and liabilities in the statement of financial position 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 43 of the *Financial and Performance Management Standard 2009*, 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 2019 were approved for issue in accordance with a resolution of the directors on 31 October 2019.

# Notes to the financial statements

## for the year ended 30 June 2019

### 2. Basis of preparation (continued)

#### (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

- *AASB 15 Revenue from Contracts with Customers* replaced *AASB 111 Construction Contracts* and *AASB 118 Revenue*. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures. GAWB adopted AASB 15 using the alternate modified retrospective method of adoption that does not require prior period restatement. Based on GAWB's assessment, adoption of AASB 15 did not have a significant impact on the financial statements.
- GAWB applied *AASB 9 Financial Instruments* for the first time in 2018-19. Comparative information for 2017-18 has not been restated and continues to be reported under *AASB 139 Financial Instruments: Recognition and Measurement*. The nature and effect of the changes as a result of adoption of this new accounting standard are described below. Classification and measurement under AASB 9, debt instruments are categorised into one of three measurement bases - amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification is based on two criteria:
  - whether the financial asset's contractual cash flows represent "solely payments of principal and interest", and
  - GAWB's business model for managing the assets.

GAWB's debt instruments comprise of receivables disclosed in Note 7. They were classified as Loans and Receivables as at 30 June 2018 (under AASB 139) and were measured at amortised cost. These receivables are held for collection of contractual cash flows that are solely payments of principal and interest. As such, they continue to be

# Notes to the financial statements

## for the year ended 30 June 2019

### 2. Basis of preparation (continued)

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

#### Accounting standards and interpretations issued but not yet effective

The following standard will become effective for the year ended 30 June 2020 and periods thereafter and so has not been applied in preparing this financial report.

AASB 16 Leases is effective from the 2020 financial year. 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 will result 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 impact to the Statement of Profit and Loss and Other Comprehensive Income in 2020 (based upon leases existing as at 1 July 2019) is estimated at \$(0.032) million. Right of use assets of \$1.504 million and lease liabilities of \$1.504 million will also be generated as at 1 July 2019.

All other standards and interpretations issued but not yet effective 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 9 - Property, plant and equipment (useful lives and revaluation)
- Note 10 - Intangible assets (useful lives)
- Note 13 - Provisions
- Note 14 - Financial risk management

# Notes to the financial statements

for the year ended 30 June 2019

## 4. Profit from continuing activities

### (a) Revenue

**(i) 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.

**Infrastructure availability charge:** Revenue from the installation of customer connections and the provision of services is recognised based on water supplied and/or work completed at reporting date. Primarily, customers have no right of return.

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

**Grants and other contributions:** Government grants are recognised initially as deferred income 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.

Grants that compensate GAWB for expenses incurred are recognised as other revenue in profit or loss on a systematic basis in the same periods in which the associated expenses are recognised.

**(ii) Services:** Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

**(iii) Interest received:** Interest received is recognised as interest accrues using the effective interest method.

	2019	2018
	\$'000	\$'000
<b>Revenue</b>		
Water revenue	61,300	58,911
Infrastructure availability charge	-	515
<b>Total revenue</b>	<b>61,300</b>	<b>59,426</b>

<b>Other revenue</b>		
Grants and other contributions	1,130	1,135
Interest received	769	667
Other	1,409	9,791
<b>Total other revenue</b>	<b>3,308</b>	<b>11,593</b>

# Notes to the financial statements

## for the year ended 30 June 2019

### 4. Profit from operating activities (continued)

#### (b) Expenses

	2019	2018
	\$'000	\$'000
<b>Employee costs</b>		
Wages, salaries and on costs	10,339	9,987
Contributions to superannuation plans	994	1,003
Labour hire costs	479	224
Other labour related costs	524	979
<b>Total employee costs</b>	<b>12,336</b>	<b>12,193</b>

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 2019 (2018: \$0.10 million). Other labour related costs include staff training and conferences, recruitment expenses, staff uniforms and staff welfare expenditure.

#### Full-time equivalent employees (FTE's)

GAWB employed 92.0 FTE's as at 30 June 2019 (2018: 98.9 FTE's). This included both full-time employees, part-time and casual employees, measured on a full-time equivalent basis. This excludes directors.

	2019	2018
	\$'000	\$'000
<b>Operating Expenses</b>		
Contracted, professional, technical and other services	2,455	3,124
Maintenance	3,182	2,834
Electricity	2,527	2,313
Operating expenses	1,932	1,999
Information systems expense	1,292	1,405
Administration costs	1,202	1,318
Insurance	1,024	883
Chemicals	578	599
Rates	437	416
Other	119	1,878
<b>Total operating expenses</b>	<b>14,748</b>	<b>16,769</b>

Leases where GAWB, as lessee, does not assume substantially all the risks and rewards of ownership are considered operating leases and not recognised on GAWB's statement of financial position. Payments made under operating leases, including any lease incentives, are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining lease term when the lease adjustment is confirmed.



# Notes to the financial statements

## for the year ended 30 June 2019

### 4. Profit from operating activities (continued)

	2019	2018
	\$'000	\$'000
<b>Finance costs</b>		
Interest paid	7,323	7,102
Competitive neutrality fee	2,443	2,430
Bank charges	416	408
<b>Total finance costs</b>	<b>10,182</b>	<b>9,940</b>

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 (2019 and 2018: 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.

# Notes to the financial statements

for the year ended 30 June 2019

## 5. Income tax equivalents (continued)

### (a) Income tax equivalents expense

	2019	2018
	\$'000	\$'000
Profit before income tax equivalents	3,679	12,277
Income tax equivalents expense calculated at 30%	1,104	3,683
Prior period adjustment	(72)	(91)
Non-deductible entertainment	3	2
<b>Income tax expense</b>	<b>1,035</b>	<b>3,594</b>

Comprised of movements in:		
Income tax payable	2,258	5,584
Deferred tax asset	90	(278)
Deferred tax liability	(1,313)	(1,712)
<b>Income tax expense</b>	<b>1,035</b>	<b>3,594</b>

### (b) Income tax payable/(receivable)

	2019	2018
	\$'000	\$'000
Opening balance	916	(171)
Charged to income	2,258	5,584
Payments	(5,276)	(4,497)
<b>Closing balance</b>	<b>(2,102)</b>	<b>916</b>

### (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	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, plant & equipment	-	-	(95,907)	(87,270)	(95,907)	(87,270)
Intangible assets	7,354	6,697	-	-	7,354	6,697
Trade & other payables	5	46	-	-	5	46
Assets held for sale	-	363	-	-	-	363
Employee benefits	604	563	-	-	604	563
Revenue received in advance	557	941	-	-	557	941
<b>Tax assets/(liabilities)</b>	<b>8,520</b>	<b>8,610</b>	<b>(95,907)</b>	<b>(87,270)</b>	<b>(87,387)</b>	<b>(78,660)</b>

# Notes to the financial statements

## for the year ended 30 June 2019

### 5. Income tax equivalents (continued)

#### c) Deferred tax assets and liabilities (continued)

Movement in temporary differences during the year:

	Balance 1 July 2017	Recognised in income	Recognised in equity	Balance 30 June 2018
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	(83,250)	1,712	(5,732)	(87,270)
Intangible assets	6,484	213	-	6,697
Trade & other payables	42	4	-	46
Assets held for sale	-	363	-	363
Employee benefits	527	36	-	563
Revenue received in advance	1,279	(338)	-	941
<b>Movement in temporary differences</b>	<b>(74,918)</b>	<b>1,990</b>	<b>(5,732)</b>	<b>(78,660)</b>

	Balance 1 July 2018	Recognised in income	Recognised in equity	Balance 30 June 2019
	\$'000	\$'000	\$'000	\$'000
Property, plant and 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
<b>Movement in temporary differences</b>	<b>(78,660)</b>	<b>1,223</b>	<b>(9,950)</b>	<b>(87,387)</b>

### 6(a) Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Cash at bank	4,657	3,027
Deposits at Queensland Treasury Corporation, at call	37,847	26,541
<b>Total cash and cash equivalents</b>	<b>42,504</b>	<b>29,568</b>

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 2019 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. Money market investments were limited to investments in bank backed securities or short dated securities guaranteed by the Commonwealth or the State. Credit risk exposure on these investments is minimised by the short-term nature of the investment.

# Notes to the financial statements

for the year ended 30 June 2019

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

	2019	2018
	\$'000	\$'000
Operating profit after income tax equivalents	2,644	8,683
Non-cash items included in operating result:		
Adjustments for: Depreciation	17,650	16,789
Amortisation	2,838	3,051
Net loss on disposal of property, plant and equipment	2,278	1,519
	<b>25,410</b>	<b>30,042</b>
Change in assets and liabilities:		
Decrease/(increase) in trade and other receivables	613	749
Decrease/(increase) in deferred tax assets	90	(278)
Increase in trade and other payables	(1,355)	(700)
Increase in deferred tax liabilities	8,637	4,021
(increase)/decrease in current tax liabilities/(assets)	(3,017)	1,086
Decrease in provisions	(329)	(133)
Increase in borrowing costs	23	175
Decrease in tax regarding asset revaluation surplus	(9,950)	(5,732)
<b>Net cash from operating activities</b>	<b>20,122</b>	<b>29,230</b>

## 6(c) Reconciliation of liabilities arising from financing activities

	Balance 1 July 2017	Cash flows	Non-cash changes	Balance 30 June 2018
	\$'000	\$'000	\$'000	\$'000
Long term borrowings	242,908	30,175	-	273,083
<b>Long term debt</b>	<b>242,908</b>	<b>30,175</b>	<b>-</b>	<b>273,083</b>

	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
<b>Long term debt</b>	<b>273,083</b>	<b>23</b>	<b>-</b>	<b>273,106</b>

# Notes to the financial statements

for the year ended 30 June 2019

## 7. Trade and other receivables

	2019 \$'000	2018 \$'000
Current		
Trade receivables	5,811	8,358
Other receivables and prepayments	639	680
<b>Total trade and other receivables</b>	<b>6,450</b>	<b>9,038</b>

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 \$1.47 million of trade receivables at 30 June 2019 (2018: \$1.45 million).

<i>Ageing analysis of trade receivables at the reporting date:</i>	2019 \$'000	2018 \$'000
<b>Trade receivables not impaired</b>		
Not due	5,151	6,724
Overdue <31 days	658	1,630
Overdue 31-60 days	-	1
Overdue >60 days	2	3
<b>Total</b>	<b>5,811</b>	<b>8,358</b>

As at 30 June 2019 GAWB had current trade receivables of \$nil (2018: \$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 14(b) credit risk for further information.

## 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.

# Notes to the financial statements

## for the year ended 30 June 2019

### 8. Assets held for sale (continued)

Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. All assets held for sale as at 30 June 2018 were sold during 2019.

	2019	2018
	\$'000	\$'000
Assets held for sale	-	10,713
<b>Total assets held for sale</b>	<b>-</b>	<b>10,713</b>

## 9. 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. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

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

# Notes to the financial statements

## for the year ended 30 June 2019

### 9. Property, plant and equipment (continued)

#### (iii) Depreciation (continued)

	2019	2018
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.

#### (a) Balances and reconciliations of carrying amount

	2019	2018
	\$'000	\$'000
<b>Land, buildings &amp; improvements</b>		
Land:		
At directors' valuation	16,403	15,640
Buildings & improvements:		
At directors' valuation	40,781	29,970
Total land, buildings & improvements	57,184	45,610
<b>Infrastructure assets</b>		
At directors' valuation	656,370	610,638
Total infrastructure assets	656,370	610,638
<b>Minor plant &amp; equipment</b>		
At cost	12,031	11,587
Accumulated depreciation	(5,948)	(5,019)
Total minor plant & equipment	6,083	6,568
<b>Motor vehicles</b>		
At cost	376	376
Accumulated depreciation	(196)	(169)
Total motor vehicles	180	207
<b>Assets under construction</b>		
At cost	12,256	44,964
<b>Total property, plant and equipment carrying amount</b>	<b>732,073</b>	<b>707,987</b>

# Notes to the financial statements

## for the year ended 30 June 2019

### 9. Property, plant and equipment (continued)

#### (a) Balances and reconciliations of carrying amount (continued)

Reconciliation	Land, buildings & improvements \$'000	Infrastructure assets \$'000	Minor plant & equipment \$'000	Motor vehicles \$'000	Assets under construction \$'000	Total \$'000
Carrying amount at 1 July 2017	37,612	583,123	2,511	233	49,842	673,321
Additions	-	-	-	-	34,274	34,274
Disposals	(420)	(1,441)	(8)	-	-	(1,869)
Transfer to/(from) assets under construction	8,460	25,675	4,961	-	(39,186)	(90)
Transfer from intangible assets	-	-	-	-	34	34
Depreciation	(1,370)	(14,497)	(896)	(26)	-	(16,789)
Revaluation increment/(decrement)	1,328	17,778	-	-	-	19,106
<b>Carrying amount at 30 June 2018</b>	<b>45,610</b>	<b>610,638</b>	<b>6,568</b>	<b>207</b>	<b>44,964</b>	<b>707,987</b>
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
<b>Carrying amount at 30 June 2019</b>	<b>57,184</b>	<b>656,370</b>	<b>6,083</b>	<b>180</b>	<b>12,256</b>	<b>732,073</b>

#### (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:

	2019 \$'000	2018 \$'000
<b>Land, buildings and improvements, and infrastructure at deemed historical cost</b>		
Land	8,672	8,672
Buildings and improvements	32,979	24,736
Infrastructure	406,441	376,165
<b>Total cost</b>	<b>448,092</b>	<b>409,573</b>



# Notes to the financial statements

## for the year ended 30 June 2019

### 9. Property, plant and equipment (continued)

#### (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 2019 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 2020 covered by the QCA's 2015 Final Report on GAWB's Pricing Practices. Projected post-tax cash flows have then been discounted at the post-tax WACC rate of 5.77%.
- Revenue cash flows for the 2015-2020 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 2020 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 2020 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.

- The QCA-recommended pricing methodology sets a constant real price over a 20-year period such that the present value of expected revenue over a 20-year period equals the present value of economic costs. However, there will be an under-recovery in the early years and an over recovery in the later years. Included in the residual value at 30 June 2020 is \$139.16 million which

# Notes to the financial statements

## for the year ended 30 June 2019

### 9. Property, plant and equipment (continued)

#### (c) Valuations (continued)

represents the cumulative under recovery or future value of the difference between the annual target or building block revenue and the smoothed price cap revenue over the current regulatory period. It is assumed that this amount will be recognised for price modelling purposes at the beginning of the next regulatory period consistent with current regulatory practice.

- Any unrealised capital gains from upwards revaluation of non-current assets are excluded from profit when determining the dividend payable for a financial year in accordance with section 660 of the *Water Act 2000*.
- The fair value measurement for land, buildings & improvements and infrastructure assets of \$713.55 million (2018: \$656.25 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 2015 pricing investigation outcomes.

There were no changes between levels during the year:

Categorisation of fair values	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>2018</b>				
Land, buildings & improvements	-	-	45,610	45,610
Infrastructure assets	-	-	610,638	610,638
<b>Carrying amount at 30 June 2018</b>	-	-	<b>656,248</b>	<b>656,248</b>
<b>2019</b>				
Land, buildings & improvements	-	-	57,184	57,183
Infrastructure assets	-	-	656,370	656,371
<b>Carrying amount at 30 June 2019</b>	-	-	<b>713,554</b>	<b>713,554</b>

# Notes to the financial statements

for the year ended 30 June 2019

## 10. Intangible assets

### (i) Recognition and measurement

#### Research and development

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

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

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

#### Software

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

#### Land reservations and easements

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

### (ii) Subsequent expenditure

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

### (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 Contingent Supply Strategy (CSS) incorporating the Gladstone to Fitzroy Pipeline Project and participation in the Lower Fitzroy River Infrastructure 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. At 30 June 2017, the Lower Fitzroy River Infrastructure Project has received State and Commonwealth environmental approvals, while preparation of the business case continued during 2019. 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 \$1.66 million (2018: \$2.10 million) and minor business software assets.

# Notes to the financial statements

for the year ended 30 June 2019

## 10. Intangible assets (continued)

	2019 \$'000	2018 \$'000
<b>Software</b>		
At cost	5,221	5,217
Accumulated amortisation	(3,382)	(2,867)
Total software	1,839	2,350
<b>Land reservations</b>		
At cost	64	64
<b>Easements</b>		
At cost	631	631
<b>CSS development costs</b>		
At cost	23,246	23,246
Accumulated amortisation	(20,703)	(18,380)
Total CSS development costs	2,543	4,866
<b>Assets under construction</b>		
At cost	2,696	2,415
<b>Total intangible assets</b>	<b>7,773</b>	<b>10,326</b>

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

	Software \$'000	Land reservations \$'000	Easements \$'000	CSS development costs \$'000	Assets under construction \$'000	Total \$'000
Balance at 1 July 2017	2,731	64	625	11,293	5,463	20,176
Additions	-	-	-	-	4,172	4,172
Disposals	(104)	-	-	-	-	(104)
Transfer to/(from) assets under construction	453	-	6	-	(579)	(120)
Transfers to property plant and equipment	-	-	-	-	(34)	(34)
Transfers to assets held for sale	-	-	-	(4,105)	(6,608)	(10,713)
Amortisation	(729)	-	-	(2,322)	-	(3,051)
<b>Balance at 30 June 2018</b>	<b>2,351</b>	<b>64</b>	<b>631</b>	<b>4,866</b>	<b>2,414</b>	<b>10,326</b>
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)
<b>Balance at 30 June 2019</b>	<b>1,839</b>	<b>64</b>	<b>631</b>	<b>2,543</b>	<b>2,696</b>	<b>7,773</b>

# Notes to the financial statements

for the year ended 30 June 2019

## 11. Trade and other payables

	2019	2018
	\$'000	\$'000
<b>Current</b>		
Trade creditors	876	1,280
Security deposits	33	33
Accruals	3,319	5,357
Revenue received in advance	1,118	1,210
<b>Total current trade and other payables</b>	<b>5,346</b>	<b>7,880</b>
<b>Non-current</b>		
Revenue received in advance	740	1,927
<b>Total non-current trade and other payables</b>	<b>740</b>	<b>1,927</b>

These amounts 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. Due to the short-term nature of trade and other payables, their carrying value is assumed to approximate to their fair value. For more information on GAWB's credit risk management process refer to Note 14(b).

## 12. Loans and borrowings - non-current

All loans and borrowings are initially disclosed at fair value plus any transaction costs directly attributable to the loans and borrowings. Subsequently the loans are held at amortised cost using the effective interest rate method. 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.

	2019	2018
	\$'000	\$'000
Queensland Treasury Corporation loans	273,106	273,083

### 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.

	2019	2018
	\$'000	\$'000
Carrying value	273,106	273,083
Fair value	277,975	276,447

# Notes to the financial statements

## for the year ended 30 June 2019

### 13. Provisions

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

#### Employee benefits

##### (i) Short-term benefits

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

##### (ii) Other long-term employee benefits

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

##### (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.

#### 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

# Notes to the financial statements

## for the year ended 30 June 2019

### 13. Provisions (continued)

#### Dividends (continued)

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 2019 at 80% and 2018 at 80%. All dividends are unfranked. Dividends are declared after reporting date but before the financial statements are authorised for issue.

	2019	2018
	\$'000	\$'000
<b>Current</b>		
Dividend	2,116	6,948
Long service leave	493	325
Annual and other leave	1,096	1,070
Indigenous Land Use Agreement (ILUA) liability	-	128
<b>Total current provisions</b>	<b>3,705</b>	<b>8,471</b>
<b>Non-current</b>		
Long service leave	423	481
Restoration	125	125
<b>Total non-current provisions</b>	<b>548</b>	<b>606</b>

# Notes to the financial statements

## for the year ended 30 June 2019

### 13. Provisions (continued)

#### Provision movements

	Dividend 2019 \$'000	Dividend 2018 \$'000	Long service leave 2019 \$'000	Long service leave 2018 \$'000	Annual and other leave 2019 \$'000	Annual and other leave 2018 \$'000	ILUA 2019 \$'000	ILUA 2018 \$'000	Restoration 2019 \$'000	Restoration 2018 \$'000
Current provision	2,116	6,948	493	325	1,096	1,070	-	128	-	-
Non-current provision	-	-	423	481	-	-	-	-	125	125
<b>Closing balance at 30 June</b>	<b>2,116</b>	<b>6,948</b>	<b>916</b>	<b>806</b>	<b>1,096</b>	<b>1,070</b>	<b>-</b>	<b>128</b>	<b>125</b>	<b>125</b>
Opening balance of provision at 1 July	6,948	5,496	806	825	1,070	999	128	128	125	125
Payment of provisions	(6,948)	(5,496)	(42)	(193)	(1,202)	(1,108)	(128)	-	-	-
Movement in provision calculation	2,116	6,948	152	174	1,228	1,179	-	-	-	-
<b>Closing balance at 30 June</b>	<b>2,116</b>	<b>6,948</b>	<b>916</b>	<b>806</b>	<b>1,096</b>	<b>1,070</b>	<b>-</b>	<b>128</b>	<b>125</b>	<b>125</b>



# Notes to the financial statements

for the year ended 30 June 2019

## 14. Financial risk management

### (a) General objectives, policies and processes

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

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

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

### (b) Credit risk

Credit risk arises from the financial assets of GAWB, which comprise 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 (2018: \$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, \$273.11 million is fully drawn and has a maturity of 20 years (2018: \$273.08 million).

# Notes to the financial statements

for the year ended 30 June 2019

(c) Liquidity risk (continued)

## Maturity analysis

	Fixed interest maturing in:			Floating interest rate	Non interest bearing	Total
	1 year or less	1 to 5 years	Over 5 years			
	\$'000	\$'000	\$'000			
<b>2018</b>						
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	-	6,670	6,670
Interest-bearing liabilities	7,909	70,301	229,725	-	-	307,935
Dividend provision	6,948	-	-	-	-	6,948
<b>Total</b>	<b>14,857</b>	<b>70,301</b>	<b>229,725</b>	<b>-</b>	<b>6,670</b>	<b>321,553</b>
<b>2019</b>						
<b>Financial liabilities</b>						
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
<b>Total</b>	<b>21,548</b>	<b>57,766</b>	<b>229,725</b>	<b>-</b>	<b>4,228</b>	<b>313,267</b>

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 (2018: \$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.

# Notes to the financial statements

## for the year ended 30 June 2019

### (d) Interest rate risk (continued)

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

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

GAWB, for the period 1 July 2015 to 30 June 2020, is not subject to the risk of interest rate movements as the cost of debt for existing and additional borrowings are aligned with the current regulatory pricing period.

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

	Carrying amount	Interest rate risk				
		Profit	-100 bpts		+100 bpts	
			Equity	Profit	Equity	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>2018</b>						
Cash at bank	3,027	-	-	-	-	
Deposits at Queensland Treasury Corporation, at call	26,541	(265)	(265)	265	265	
<b>2019</b>						
Cash at bank	4,657	-	-	-	-	
Deposits at Queensland Treasury Corporation, at call	37,847	(378)	(378)	378	378	

### 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 2019 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 2019

## 15. Commitments

### (a) Leases as lessor

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:

	2019	2018
	\$'000	\$'000
Not later than 1 year	367	323
Later than one year not later than five years	645	624
Later than five years	325	314
	<b>1,337</b>	<b>1,261</b>

During the year ended 30 June 2019, \$0.47 million was recognised as revenue in the Statement of Profit and Loss and Other Comprehensive Income in respect of operating leases (2018: \$0.48 million).

### (b) Leases as lessee

These leases relate to land and buildings and motor vehicles. 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:

	2019	2018
	\$'000	\$'000
Not later than 1 year	634	745
Later than one year not later than five years	1,165	800
Later than five years	4,670	5,435
	<b>6,469</b>	<b>6,980</b>

During the year ended 30 June 2019, \$0.80 million was recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income in respect of operating leases (2018: \$0.86 million).

### (c) Capital and other commitments

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

	2019	2018
	\$'000	\$'000
Amounts to be expensed:		
Not later than one year	3,497	5,065
Later than one year, but not later than five years	-	-
More than five years	-	-
	<b>3,497</b>	<b>5,065</b>

# Notes to the financial statements

for the year ended 30 June 2019

## 16. Auditors' remuneration

	2019	2018
	\$'000	\$'000
<b>Audit services</b>		
Queensland Audit Office		
Audit and review of financial reports	90	82

For the 30 June 2019 audit, the amount quoted for the audit fee was \$0.09 million (2018: \$0.08 million). There are no non-audit services included in these amounts.

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

### Shareholding Ministers

GAWB's responsible Minister is identified as part of GAWB's KMP, and 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 2019, which are published as part of Queensland Treasury's Report on State Finances.

### Directors emoluments

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

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.

### 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:

- 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

# Notes to the financial statements

## for the year ended 30 June 2019

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

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 2019 had not yet been determined by the Board. Therefore, any performance payment approved by the Board will be reported as an expense within the 2020 financial year.

Director compensation included the following:

Directors	Appointment/ (Cessation) Date	Short term benefits	Post-employment benefits	Total remuneration
		Directors' fees \$'000	Superannuation \$'000	\$'000
Mr Denis Cook (Chairman)	27 June 2014 Appointed Chairman on 1 January 2015			
2019		58	6	64
2018		58	6	64
Mr John Orange	1 January 2015			
2019		32	3	35
2018		32	-	32
Cr Poya (PJ) Sobhanian	15 September 2016			
2019		-	-	-
2018		-	-	-
Mr Malcolm Leinster	4 August 2011 (18 April 2019)			
2019		27	3	30
2018		30	3	33
Ms Patrice Brown	27 June 2014 (20 July 2017)			
2019		-	-	-
2018		2	-	2
<b>Total Remuneration</b>				
<b>2019</b>		<b>117</b>	<b>12</b>	<b>129</b>
<b>2018</b>		<b>122</b>	<b>9</b>	<b>131</b>

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 2019

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

#### Key executive management personnel compensation

	Position	Contract expiry date / (termination date)	Short term employee benefits \$'000	Other long term benefits \$'000	Post employment benefits \$'000	Total remuneration \$'000
Mr D Barlow (CEO)		19 March 2023				
2019			387	1	21	409
2018			116	-	5	121
Mr H Barbour (CFO)		Tenure				
2019			260	5	23	288
2018			248	3	22	273
Miss Robin Berthelsen (Chief Governance Officer)		Tenure				
2019			149	2	13	164
2018			-	-	-	-
Mr M Browne (Chief Operating Officer)		17 April 2020				
2019			64	-	5	69
2018			-	-	-	-
Mr J Tumbers (Chief Operating Officer)		(19 March 2019)				
2019			190	(17)	15	188
2018			276	6	20	302
Mr T Ward (Chief Engineer)		(5 October 2018)				
2019			69	(28)	7	48
2018			223	8	21	252
Mr J Grayson (CEO)		(31 March 2018)				
2019			35	-	3	38
2018			363	(6)	223	580
<b>Total Remuneration</b>						
<b>2019</b>			<b>1,154</b>	<b>(37)</b>	<b>87</b>	<b>1,204</b>
<b>2018</b>			<b>1,226</b>	<b>11</b>	<b>291</b>	<b>1,528</b>

# Notes to the financial statements

## for the year ended 30 June 2019

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

#### Key executive management personnel performance bonuses

A performance bonus was paid on 8 November 2018 to the former CEO, CFO, Chief Operating Officer and Chief Engineer. In the prior year, a performance bonus was paid on 13 October 2017 to the former CEO, CFO, Chief Engineer and the Chief Operating Officer. Performance bonuses are recognised as an expense during the year they are paid.

	2019 Number	2018 Number
\$50,000 to \$59,999	-	1
\$40,000 to \$49,999	-	-
\$30,000 to \$39,999	1	-
\$20,000 to \$29,999	2	3
\$10,000 to \$19,999	1	-
\$0 to \$9,999	-	-
<b>Total</b>	<b>4</b>	<b>4</b>

#### 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 13 transactions for the supply of goods and services to director related entities during the year (2018: 13 transactions) and 68 transactions for the purchase of goods and services (2018: 72 transactions). The aggregate amounts recognised in profit or loss during the year relating to directors and director related entities, other than directors' remuneration, comprise:

	2019 \$'000	2018 \$'000
<b>Revenue</b>		
Water revenue	17,504	16,686
Other income	-	-
Total revenue	17,504	16,686
<b>Expenditure</b>		
Other expenses	345	387



# Notes to the financial statements

## for the year ended 30 June 2019

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

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

	2019 \$'000	2018 \$'000
<b>Receivables</b>		
Trade receivables	1,466	1,449
<b>Payables</b>		
Trade creditors	-	14
Other payables and accruals	-	-
<b>Total payables</b>	-	<b>14</b>

### 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.

# Notes to the financial statements

for the year ended 30 June 2019

## 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 42 of the *Financial and Performance Management Standard 2009* 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 2019 and of the financial position of the Gladstone Area Water Board at the end of that year; and
- (c) we acknowledge responsibility under section 8 and section 15 of the *Financial and Performance Management Standard 2009* 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**

31 October 2019

# Independent auditor's report to the Board of GAWB



## 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 2019, 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 2009 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2019, 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.

#### Other information

Other information comprises the information included in the entity's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon.

The Board is responsible for the other information.

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

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

# Independent auditor's report to the Board of GAWB



If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Responsibilities of the entity for the financial report

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

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

## Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control.
- 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.

# Independent auditor's report to the Board of GAWB



- 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 2019

- I received all the information and explanations I required.
- In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

13 November 2019

Bhavik Deoji  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane

# Appendix one - Government body summary

Name of Government body: Gladstone Area Water Board					
Act or instrument	<i>Water Act 2000 (Qld)</i> - section 1084				
Functions	Principally the ownership, management, operation and maintenance of dams, treatment plants, pipelines and other bulk water distribution infrastructure, hatchery and dam recreational areas and any other occupation incidental thereto				
Achievements	Refer to Overview from the CEO (pages 6 - 7)				
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 2019					
Position	Name	Meetings/sessions attendance	Approved annual, sessional or daily fee	Approved sub-committee fees if applicable	Actual fees received <sup>1</sup>
<b>Chair</b>	Denis Cook	Board: 11 Audit Committee: 4	\$55,000 pa	\$3,000 pa	\$63,510
<b>Director</b>	Malcolm Leinster	Board: 10 Audit Committee: 3	\$27,500 pa	\$3,000 pa	\$29,544
<b>Director</b>	John Orange	Board: 10 Audit Committee: 4	\$27,500 pa	\$4,000 pa	\$34,493
<b>Director</b>	Poya (PJ) Sobhanian	Board: 8	Nil	Nil	Nil
<b>No. scheduled meetings/sessions</b>	Board: 11 Audit Committee: 4				
<b>Total out of pocket expenses</b>	<b>\$2,151</b>				

## Notes

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

# Appendix two - compliance checklist

	Summary of requirement	Basis for requirement	Annual report reference
Letter of Compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs - Section 7	Page 3
Accessibility	Table of contents Glossary	ARRs - section 9.1	Page 4 Page 88
	Public availability	ARRs - section 9.2	Page 2
	Interpreter service statement	Queensland Government Language Services Policy ARRs - section 9.3	Page 2
	Copyright notice	Copyright Act 1968 ARRs - section 9.4	Page 2
	Information Licensing	QGEA - Information Licensing ARRs - section 9.5	Departments Only
General information	Introductory Information	ARRs - section 10.1	Page 5
	Agency role and main functions	ARRs - section 10.2	Page 5
	Operating environment	ARRs - section 10.3	Pages 18-19
Non-financial performance	Government's objectives for the community	ARRs - section 11.1	Not applicable
	Other whole-of-government plans/ specific initiatives	ARRs - section 11.2	Not applicable
	Agency objectives and performance indicators	ARRs - section 11.3	Pages 11- 37
	Agency service areas and service standards	ARRs - section 11.4	Pages 11-37
Governance - management and structure	Organisational structure	ARRs - section 12.1	Page 38
	Executive management	ARRs - section 13.2	Pages 41-42
	Government bodies (statutory bodies and other entities)	ARRs - section 13.3	Appendix 2
	Public Sector Ethics Act 1994	Public Sector Ethics Act 1994 ARRs - section 13.4	Not applicable
	Queensland public service values	ARRs - section 13.5	Page 8

# Glossary

Board	GAWB's Board of Directors
CCF	Community Consultative Forum
CPMG	Capricorn Pest Management Group
CRP	Customer Representative Panel
CSS	Contingent Supply Strategy
Department	Department of Natural Resources, Mines and Energy
DWQMP	Drinking Water Quality Management Plan
ERA	Environmentally Relevant Activities
GAWB	Gladstone Area Water Board
GFP	Gladstone Fitzroy Pipeline
GPCL	Gladstone Ports Corporation Limited
GRC	Gladstone Regional Council
ICT	Information and Communication Technologies
KMP	Key Management Personnel
KPM	Key Performance Measure
LCMP	Lifecycle Maintenance Plan
LTI	Lost Time Injury
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	Awoonga Dam Supply Scheme Resource Operating Licence
Water Act	Water Act 2000 (Qld)





# **Gladstone Area Water Board**

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](mailto:gawb@gawb.qld.gov.au).