

GLADSTONE AREA WATER BOARD

ANNUAL REPORT

2020-2021

www.gawb.qld.gov.au



Gladstone Area
Water Board

About this report

THIS ANNUAL REPORT PROVIDES A SUMMARY OF GLADSTONE AREA WATER BOARD (GAWB)'S ACHIEVEMENTS FOR 2020-21 AND THE EXTENT TO WHICH WE HAVE MET OR EXCEEDED OUR FINANCIAL AND NON-FINANCIAL PERFORMANCE KEY PERFORMANCE INDICATORS.

It aims to provide information to the Minister for Regional Development and Manufacturing and Minister for Water (Minister), Queensland Parliament, other stakeholders and customers about our activities, which aim to deliver safe and reliable water services to enhance the liveability of our region.

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

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

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

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

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



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ACKNOWLEDGEMENT OF COUNTRY

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

Letter of compliance

26 August 2021

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

Dear Minister

I am pleased to present the Annual Report 2020-2021 and financial statements of Gladstone Area Water Board.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements can be found at page 67.

Yours sincerely



Maxine Brushe
Chair

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About us

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

We know that water is vital to our region's way of life, economic prosperity and continued growth - it is an essential service that we have proudly delivered to the people of Gladstone for nearly 50 years.

Our history

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

Who we are

GAWB owns and operates Awoonga Dam on the Boyne River along with a network of delivery pipelines, water treatment plants and other bulk water distribution infrastructure.

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

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

Snapshot of our assets

We have more than \$1 billion of assets (replacement value), including:

- Awoonga Dam & associated infrastructure
- 227km of water pipelines comprised of:
 - 94km of raw water pipelines
 - 132km of treated water pipelines
- nine pump stations
- 16 water reservoirs comprised of:
 - 11 treated water reservoirs
 - 5 raw water reservoirs
- two water treatment plants.

Our vision

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

Our mission

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

Our values



ONE TEAM

We Work Together. Always.



ENGAGE

We All Contribute. Openly.



SAFETY & WELLBEING

We Look After Ourselves. And Each Other.



ACCOUNTABLE

We Deliver. You and I.

Our strategic objectives

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

Our strategic objectives are:

- safe, resilient and reliable water supply
- high customer and community satisfaction
- skilled and responsive workforce
- operational sustainability

Our areas of focus

Safe, resilient and reliable water supply	High customer and community satisfaction	Skilled and responsive workforce	Operational sustainability
<ul style="list-style-type: none"> • Assess medium to long term future demand scenarios to ensure we can meet future consumption needs • Maintain effective catchment management to ensure good raw water quality • Effective asset management to optimise value and performance, with reliable water treatment and distribution • Continuously deliver water that meets quality standards • Promote water efficiency among our customers and community • Investigate alternative water supply options to develop greater flexibility and resilience • Maintain dam safety requirements 	<ul style="list-style-type: none"> • Ensure customer satisfaction through the quality and reliability of our services • Enhance understanding and response to customer needs and expectations • Active and purposeful engagement and collaboration with our stakeholders, including with Traditional Owners • Enhance stakeholder recognition and regard based on active participation and contribution to our community • Continue to contribute to our local lifestyle by enhancing our recreational facilities • Maximise economic and social benefit in Central Queensland through our procurement, local recruitment preference and business practices 	<ul style="list-style-type: none"> • Continuously improve our safety management system to ensure the welfare of our employees, contractors and visitors • Continue to foster a positive workplace culture consistent with our values • Continue to reward, retain and attract new talent, while valuing diversity and inclusion • Provide a comprehensive training and professional development program to build the skills we need now, and into the future • Identify further opportunities for local apprentices, trainees and internships 	<ul style="list-style-type: none"> • Further quantify and respond to climate change impacts on our assets and operations • Investigate and implement renewable energy initiatives to reduce our carbon footprint • Reduce exposure to operational and strategic risks and pursue opportunities to enhance our performance • Sustain strong commercial performance through prudent and efficient use of resources • Enhance capital forecasting to guide future investment and build value • Ongoing application of technology, systems and other innovation to drive reliability and efficiency

Strong organisational culture underpinning and enabling our Strategic Plan

A message from the Chair

ON BEHALF OF THE BOARD OF DIRECTORS (BOARD), I AM PLEASED TO PRESENT THE ANNUAL REPORT FOR GLADSTONE AREA WATER BOARD (GAWB) FOR 2020-21. DESPITE THE CHALLENGES BROUGHT BY COVID-19, WE HAVE BEEN ABLE TO PROGRESS OUR BUSINESS TRANSFORMATION JOURNEY THROUGHOUT THE YEAR.

Progress against 2020-25 Strategic Plan

Our Executive Leadership Team have performed remarkably to develop and implement a number of projects in support of the key objectives in our Strategic Plan. Combined, these projects have the potential to fundamentally and positively transform the way GAWB operates.

1. Safe, resilient and reliable water supply

On 7 April this year, GAWB issued its first Low Supply Alert Declaration since 2007. While the Low Supply Alert is not a formal supply restriction, it is a notification to our customers and our community that voluntary reduction measures should be considered.

Throughout this period, we have continued to work closely with the Queensland Government to progress investigations into a second source of supply from the lower Fitzroy River. The construction of the Gladstone to Fitzroy Pipeline is critical to ensuring we can continue to meet the water needs of our customers and the regional community.

2. High customer and community satisfaction

Our business operations are underpinned by the desire to ensure high customer and community satisfaction. Our new customer engagement strategy and action plan outlines our approach to improving customer relationship management across the business.

Work on the Lake Awoonga Recreational Strategy has now commenced. Developed in conjunction with our Community Consultative Forum members, the five-year strategy aims to enhance our recreational facilities and contribute to liveability in the Gladstone region.

3. Skilled and responsive workforce

We want to ensure GAWB has a strong organisational culture, driven by purpose and clear

expectations. To provide clarity to our employees on this essential component of our business, we have developed a Culture Strategy, which will be implemented during 2021-22. This strategy has been developed in conjunction with a new 3-year leadership development program. Together, these business improvement initiatives will enhance our ability to attract and retain local talent for the longer term.

4. Operational sustainability

As a bulk water provider GAWB is not immune to the effects of climate change and a changing external environment. A newly endorsed Climate Change Strategy and Action Plan outlines GAWB's commitment to investigate and implement a variety of renewable energy initiatives to reduce our carbon footprint.

Financial performance

I am proud to report that GAWB has performed exceptionally well for the year, with a Net Profit After Tax of \$12.37 million. This will enable us to help support the State economy by returning a significant dividend to the Queensland Government.

Acknowledgements

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



Maxine Brushe
Chair

A message from the CEO

FOR GAWB, 2020-21 WAS CHARACTERISED BY TRANSFORMATION, PERFORMANCE AND DELIVERY.

Responding to COVID-19

The safety of our employees and the community is of paramount importance, and it was with this focus that we reviewed and adjusted our business operations throughout the year to ensure we minimised the risks associated with COVID-19. Some of these decisions were difficult, such as the closure of Boynedale Bush Camp, but it was the right thing to do. Given the everchanging landscape attributable to COVID-19, we will remain agile to enable a swift response to changing conditions as they might arise.

Cultural change journey

Our cultural change journey continues to evolve where the alignment of our core values, performance orientation and overall accountability is now evidenced in 'the way we work'. Our people are key to the way we work and it is pleasing to see the progression towards an environment where our employees are empowered, engaged and equipped with the skills to achieve their goals.

Healthy Minds

Employee health and wellbeing has never been more important than it is right now. The cornerstone of our work in this space throughout 2020-21 was the development of a new mental health strategy, called Healthy Minds. Launched in April, Healthy Minds is led by a highly motivated employee working group who are passionate about promoting positive mental health in the workplace. The strategy seeks to follow the WorkSafe Queensland model of Promotion, Early Intervention, Support and Recovery, and will evolve and grow over the coming years.

Capital projects

Our capital expenditure throughout the year was adversely impacted due to delays in the supply of

materials attributable to COVID-19 and resourcing constraints. This led to a delay in the completion of several significant projects, such as the Hatchery Relocation Project and the Pikes Crossing Emergency Muster Point. Despite these challenges, our capital projects and network team worked collaboratively to allocate resources to the delivery of priority projects and limit the impact to operational performance.

Our focus for 2021-22

This year heralds the culmination of several critical projects for GAWB, namely the completion and commissioning of our new hatchery facility and the Pikes Crossing Emergency Muster Point.

Undoubtedly, the next 12 months at GAWB will be characterised by one key theme: water security. We are expecting to move into the next phase of our Drought Management Plan in early 2022. Our team is well prepared for the possibility and challenges of implementing supply restrictions. We will also continue to support the Queensland Government's efforts to investigate a second source of supply for the Gladstone region.

The growth and transformation we are witnessing at GAWB is impressive, and represents tangible, long term benefit for our customers and the people of the Gladstone region. Together, we will continue delivering safe and reliable water services that enhance the liveability of our region.



Darren Barlow
Chief Executive Officer

Our performance

Key performance indicators

KEY PERFORMANCE INDICATOR	TARGET	ACTUAL	ACHIEVED / NOT ACHIEVED
Financial			
Earnings before interest & tax (EBIT)	\$13.93M	\$22.01M	Achieved
Return on assets (ROA)	1.80%	2.91%	Achieved
Actual operating expenditure versus budget	<100%	84%	Achieved
EBIT interest cover	2.14	5.07	Achieved
Net profit after tax (NPAT)	\$5.19M	\$12.37M	Achieved
Funds flow interest cover	4.44	7.18	Achieved
Funds flow to total debt cover	10.35%	14.37%	Achieved
Balance sheet gearing (capital structure)	36.72%	38.16%	Achieved
Cash cover	9.97	23.61	Achieved
QTC covenant EBITDA interest coverage ≥ 3	5.29	9.82	Achieved
QTC covenant debt / EBITDA < 8.25	7.23	5.85	Achieved
Non-Financial			
System water losses:			
- Raw water network	<6%	4.73%	Partially achieved ¹
- Potable water network	<3%	3.19%	
Compliance with Drinking Water Quality Management Plan	100%	100%	Achieved
Lost time injuries (Workers)	≤ 2	1	Achieved
Notifiable safety incidents or events	≤ 2	0	Achieved
Compliance with Dam Safety Conditions (DSC) issued by the regulator	100%	100%	Achieved
Environmental compliance breaches	Nil	Nil	Achieved
Staff retention rate	>85%	80%	Not achieved ²
Compliance with emergency preparedness	100%	100%	Achieved

1. Several activities are underway to reduce system water losses in the potable water network. This includes a physical inspection of the pipe infrastructure, the replacement of flow meters and a review of data processes.

2. The size of our workforce means that our turnover rate is impacted considerably by the departure of a small number of employees, whether it be by way of a resignation, retirement or redundancy.

Our performance

Key business improvement initiatives

Advancement of the Water Security Strategy

In the wake of three failed wet seasons, there is a heightened focus on progressing our Water Security Strategy (WSS). The WSS supports the advancement of the Gladstone to Fitzroy Pipeline (GFP) project to provide a second source of supply to the Gladstone region.

During the year Building Queensland undertook an Options Assessment (OA) on the GFP to assess six pipeline options. In March 2021, the OA concluded that a pipeline from the lower Fitzroy River, accessing water held in reserve at Rookwood Weir, would improve water security for the Gladstone region. The OA also recognised the significant contribution of industrial operators in Gladstone and the high sensitivity to water restrictions.

The Department of Regional Development, Manufacturing and Water has now commenced a Detailed Assessment on the GFP project. A compressed assessment process is required to ensure that construction of the pipeline could commence in the event of another failed wet season in 2021-22.

Status: Partially achieved.

Implementation of the Lake Awoonga Recreational Strategy

The Lake Awoonga Recreational Strategy (Recreational Strategy) aims to contribute to the liveability of the region through the following key initiatives:

- upgrading existing recreational facilities
- provision of new recreational areas and opportunities
- promotion of our recreational areas and the establishment of partnerships and commercial opportunities.

Despite 2020-21 bringing unanticipated challenges attributable to COVID-19, we were still able to achieve many of our project milestones for the year, including:

- completion of a disability access audit
- development of a Recreational Activity Framework
- installation of Wi-Fi internet connectivity at Lake Awoonga Recreational Area and Boynedale Bush Camp.

To assist with the continued implementation of the Recreational Strategy, we established an internal working group and also developed a Master Plan for the Lake Awoonga precinct.

Implementation of area zoning on Lake Awoonga and the installation of signage across the trail network are still ongoing activities that will be concluded during 2021-22.

Status: Partially achieved.

Enhancement of our risk management framework

Throughout the year a significant body of work was undertaken to enhance and improve our risk management processes, with the overall intent to ensure we are appropriately managing and monitoring our strategic and operational risks.

This included:

- review of our Risk Management Policy
- refresh of our Risk Appetite Statement
- refresh of our Risk Consequence Matrix
- review of our Corporate/Strategic Risks
- identification of Operational Risks
- development of enhanced risk reports.

Our risk operating model is now being finalised with implementation to follow during 2021-22.

Status: Achieved.

Enhancement of our safety management system

In recognition of the importance of ensuring the safety of our workers, our program of activities to enhance our safety management system continued during 2020-21. Whilst resourcing constraints impacted the ambitious schedule of activities planned to be undertaken, some of the major tasks completed during the year included:

- ICAM incident investigation training
- roll-out of a safety perception survey, which has provided valuable information about our safety culture and provided potential opportunities for improvement
- review of the Person in Control of Worksite (PICOW) training program
- risk management training
- education and awareness training for 'officers' about their work health and safety due diligence obligations
- training for workers on our Environment, Health and Safety Committee on their role and responsibilities.

In early 2021-22, a comprehensive review will be undertaken on the safety management system and an action plan developed to continue GAWB's improvement activities.

Status: Partially achieved.

Continuation of our cultural change journey

Our Culture Strategy is built upon 4 culture levers:

1. Quality leadership
2. Results driven performance
3. Dynamic organisational capability
4. Customer centricity.

Throughout the 2020-21 period, we made significant strides in advancing our cultural change journey through:

- implementation of our Performance Management Framework
- completing the initial design of a bespoke leadership program entitled "Step-Up – Leadership Foundation Program"
- creating succession management plans encompassing critical role and High Potential Employee (HPE) identification and subsequent investment in HPE development
- developing a process to recognise performance excellence.

Our intention had also been to implement "Giving and Receiving Feedback" training to employees during the year, however, this will now be included as part of the leadership program.

Status: Partially achieved.

Operating environment

Our services

We own and operate Queensland's fourth largest water storage, Lake Awoonga, and manage more than 23,000 hectares of catchment area.

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

During 2020-21 we supplied 40,882ML of raw water and 11,609ML of treated water to customers.

Our customer base

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

Gladstone's large industrial customers make a significant contribution to the Gladstone and Queensland economy and, through a multiplier impact on the economies of other regions of the State, provides direct and indirect employment for approximately 13,000 Queenslanders. Water security is critical to the continued operation of these industrial customers and a failure of supply would result in the shutdown of many industrial operations, with some unable to return to production.

Our regulatory environment

As a declared monopoly business, GAWB is required to periodically submit its bulk water prices to the Queensland Competition Authority (QCA) for review. GAWB's prices were set for a period of five years, from 1 July 2020 through to 30 June 2025, following conclusion of the QCA's price monitoring review in May 2020.

In accordance with our Customer Engagement Plan an offer was extended to our industrial customers and Gladstone Regional Council to discuss the outcome of the 2020 price monitoring review and resultant prices. Pleasingly, this was an offer that the majority of our customers accepted.

Our catchment

Lake Awoonga is filled from the Boyne River catchment, which is subject to variable inflows. This is expected to be further exacerbated in the future because of climate change. The catchment area, encompassing 2,496km², is quite small in comparison to other catchments.

The variability of inflows from year to year is offset by the design of the water supply system, in that Lake Awoonga provides a very deep storage to receive inflows. However, water security remains a material risk for GAWB, given we are limited to a sole source of supply for the Gladstone region.

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

Reporting period	Sum of inflows received (ML)
July 2011 – June 2012	225,455
July 2012 – June 2013	1,747,616
July 2013 – June 2014	70,270
July 2014 – June 2015	256,002
July 2015 – June 2016	85,671
July 2016 – June 2017	244,927
July 2017 – June 2018	340,967
July 2018 – June 2019	8,523
July 2019 – June 2020	5,439
July 2020 – June 2021	5,305

The declining inflows in the past three years led to the activation of GAWB's Drought Management Plan in April 2021. See page 13 for further information.

Strategic Objective:

Safe, resilient and reliable water supply

Water availability

At full capacity, Lake Awoonga can hold 776,854ML.

Like most of Queensland, however, Gladstone has been drought declared since 1 May 2019. This has resulted in a decline in the storage level of Lake Awoonga in recent years.

As at 30 June 2021, the capacity of Lake Awoonga was 51.9 per cent, or 403,000ML. Under a worst case scenario, supply failure could be expected as early as March 2026.

Water security strategy

In December 2020, the Board approved a Water Security Strategy (WSS). The WSS recognises the changing climatic conditions and acknowledges the economic benefits of securing a second source of supply to improve water security for our industrial customers and the community of Gladstone.

The lower Fitzroy River is GAWB's preferred second source of supply, due to the complementary hydrological characteristics when compared to the Boyne River. The Options Analysis recently undertaken by Building Queensland verified the complementary nature of the two water systems. The Gladstone to Fitzroy Pipeline is the proposed mechanism for transferring water from the lower Fitzroy River.

Gladstone to Fitzroy Pipeline project

The Department of Regional Development, Manufacturing and Water has commenced a Detailed Assessment investigating pipeline options between Gladstone and the lower Fitzroy River to inform the Government's response to Gladstone's current drought conditions. This assessment will also examine opportunities to improve regional water security for the Rockhampton Regional Council and Livingstone Shire Council via a bi-directional pipeline.

GAWB is closely involved in this assessment process, helping to ensure that any proposal can seamlessly integrate into our existing network and that project outcomes meet the needs of our customers and the local community.

Declaration and notice of Low Supply Alert

GAWB has a Drought Management Plan (DMP) to manage its level of supply at Lake Awoonga. The objective of the DMP is to limit water restrictions in a manner that takes account of regional employment and the economic impacts of those restrictions on customers. As a consequence of three failed wet seasons, on 7 April 2021 a declaration and notice of Low Supply Alert was issued in accordance with the DMP. The declaration of a Low Supply Alert indicates that the storage level at Lake Awoonga has reached a 60-month timeframe from failure.

A Low Supply Alert does not impose any restriction on customers in terms of their water consumption, however it is a significant step that signals to customers, and to the broader Gladstone community, that a change in behaviour is warranted to prevent the escalation into water restrictions. In the absence of significant rainfall, it is likely that Level 1 restrictions will be applied from around April 2022.

Water conservation campaign

In the wake of the announcement of the Low Supply Alert mentioned above, we have launched a water conservation campaign.

The campaign, called 'Our Water', has five key objectives:

- **Objective 1: Awareness**
Highlight the need to save water in the local community.
- **Objective 2: Consideration**
Help Gladstone residents understand their role in water saving efforts.
- **Objective 3: Act**
Highlight the type of water conservation behaviours they need to adopt.
- **Objective 4: Behaviour Change**
Remind Gladstone residents to save water, embedding behaviour change.

• **Objective 5: Embedment and Reputation**

Reinforce messaging that positively embeds messaging about GAWB's operations and our drought management response.

'Our Water' is a multi-channel program of works which utilises social media, radio, television and print advertising to raise awareness of water related issues in the Gladstone region. Most importantly, the program equips our community with the information and resources to implement positive water saving behaviours at home, work, school and in the community.

Catchment management

The quality of water in Lake Awoonga is influenced by the type and management of land use activities in the catchment. During 2020-21 we developed and implemented a Catchment Management Plan and Catchment Management Action Plan. The Catchment Management Plan establishes our 5-year goals for the Lake Awoonga catchment and identifies potential environmental and water quality risks and actions to be implemented to minimise those risks.

The following activities were undertaken as part of the outworking of the Catchment Management Action Plan:

- development of a Fire Management Plan, Vessel Safety Management System, Stakeholder Engagement and Communications Strategy and a Flora and Fauna Management Plan
- installed off stream watering and controlled fencing
- completed contaminated land high risk sites investigation
- developed a pest and weed monitoring program and fire scar mapping.

We continued our mapping of the catchment area, utilising drones to monitor and assess pest and weed infestations in accordance with our obligations under the *Biosecurity Act 2014* (Qld).

Asset management

Our asset management system, which is certified to ISO55001:2014, has undergone continued improvement throughout the year with the further development of our Life Cycle Management Plans (LCMPs). LCMPs are a key component of our asset management system and ensure our maintenance and repair activities, as well as replacement strategies, maximise the value and operational performance of

our asset base. LCMPs form the basis of our annual and five year capital works program.

Activities undertaken during the year include a comprehensive asset stocktake, together with condition assessments and improved data being recorded against more than 14,000 assets. This body of work will continue during 2021-22 and is a key business improvement initiative.

Dam safety

GAWB undertakes a comprehensive dam safety management program and operates Awoonga Dam in accordance with the Dam Safety Conditions (2015) provided by the Department of Regional Development, Manufacturing and Water (DRDMW), the Queensland Dam Safety Regulator.

Consideration is also given to the following guidelines and legislation:

- Queensland Dam Safety Management Guidelines (2020)
- ANCOLD Guidelines on Dam Safety Management (2003)
- ANCOLD Guidelines Design Criteria for Concrete Gravity Dams (2013)
- DRDMW Guidelines for Acceptable Flood Capacity for Water Dams (July 2017)
- Guidelines for Failure Impact Assessment of Water Dams (2018).

In April 2021, the annual inspection of Awoonga Dam was undertaken. The auditor stated that:

"The report identified the current level of maintenance and surveillance is considered satisfactory and meets the requirements for an Extreme Consequence Category structure as set out in the guidelines (DNRME, 2020)".

In 2021-2022 we are required, in accordance with our Dam Safety Conditions (2015), to undertake three dam safety inspections:

- annual Dam Safety Inspection
- 5-year Comprehensive Dam Safety Inspection
- 20-year Dam Safety Review.

Preparatory activities associated with these inspections are already well progressed.

Strategic Objective:

High customer and community satisfaction

Customer engagement

As a result of the 2020-2025 Queensland Competition Authority (QCA)'s price monitoring review and the associated long-term stakeholder engagement model, we are transforming our business into an agile and more responsive service provider. In 2020-21, GAWB reviewed its long-term stakeholder engagement model based on customer, community and QCA feedback and industry best practice. As a result of the review, an updated Customer Engagement and Communications Strategy (2020-25) was developed and GAWB confirmed its commitment to transition to a customer centric culture over the 2020 to 2025 period.

Community engagement

Our community investment programs were impacted by the ongoing COVID-19 pandemic in the first half of the year, with many events being cancelled or postponed. Fortunately, the second half of the year saw the successful return of events to the Gladstone community.

Some of the community events and programs we supported during 2020-21 included the Lake Awoonga Adventure Race, Martin Hanson Memorial Art Awards, Boyne Tannum Hook Up, Ecofest and Start Up Gladstone Digital Innovators.

A detailed review of our sponsorships and donations framework was completed during the year. The objective of this review was to ensure our community investment programs continue to align with our business objectives.

Stakeholder engagement

Our stakeholders play a key role in strategic decision-making at GAWB. As part of our business improvement efforts, we have been focused on further strengthening relationships with our stakeholders through a variety of mechanisms.

Community Consultative Forum

Our Community Consultative Forum remains a key element of our engagement model as it enables us to consult with stakeholders from the local community on ways we can improve our operations and enhance the liveability of our region.

Agistee engagement

We hold an annual Agistee Engagement Forum at the Ubobo Discovery Centre, providing an update to agistees on matters relating specifically to pest and weed management, as well as GAWB's business operations.

Indigenous engagement

Our engagement with the traditional owners of our region's four First Nations the Bailai, Gurang, Gooreng Gooreng and Taribelang continues to grow. Throughout 2021, we have proactively engaged with representatives of our First Nations groups to better understand how we might work together into the future.

As part of the Lake Awoonga Recreational Strategy we are working with the Port Curtis Coral Coast Trust to embed cultural heritage references, such as indigenous language, imagery and history, into the signage at the Lake Awoonga Recreational Area and Boynedale Bush Camp.

Significant projects and stakeholder engagement

During the year we developed and implemented stakeholder engagement and communication plans for all significant capital projects. This is a significant, but ultimately beneficial, step-change for the business and will be included in the broader Project Management Framework currently under development. These plans aim to help us identify and mitigate potential risks as it relates to our community and customer stakeholders in respect of significant capital projects.

COVID-19 relief

In recognition of the financial impact that COVID-19 had on our community, we offered financial assistance to Gladstone Regional Council. We also waived rental payments to our commercial tenants and agistees until 31 March 2021. The total value of the rent relief provided from 1 April 2020 through to 31 March 2021 was \$338,621.

Recreational facilities

We are proud of our recreational facilities at Lake Awoonga Recreational Area and Boynedale Bush Camp. Whilst the declining water levels are impacting upon direct access to the lake, visitor levels remain high with an average of more than 10,000 vehicles visiting the Lake Awoonga Recreational Area each month.

Unfortunately, due to COVID-19, Boynedale Bush Camp was closed to the public from 17 July 2020 through to 19 December 2020. Upon re-opening, we ensured the risk to campers was minimised through implementation of COVID Safe requirements.

Lake Awoonga Recreational Strategy

The Lake Awoonga Recreational Strategy (Recreational Strategy) seeks to make a positive contribution to the liveability of the region through investment in improved recreational facilities on both sides of the lake.

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

- establishing area zoning at Lake Awoonga
- completion of a disability access audit
- installation of fire pits at Boynedale Bush Camp
- sign post existing trail network
- erosion protection
- loading pontoons
- swimming pontoons
- interpretative signage at recreational areas and Boynedale Bush Camp
- waterfall playground at Ironbark Gully
- Boynedale to Four Mile Scrub Inland Rail Trail
- boat ramp at Boynedale Bush Camp
- recreation area expansion.

During 2020-21 a Master Plan for the Lake Awoonga precinct was developed. The Master Plan provides a new framework and vision for the redevelopment of recreation areas. The Master Plan focuses on the following considerations, to:

- provide a vision and implementation strategy for new and improved recreational activities for the Gladstone community
- attract more visitors into Gladstone and keep tourists in the community for longer by improving the available tourism activities on offer (e.g walking trails and camping grounds), whilst capitalising on the natural assets of the sites.

Boynedale Bush Camp to Four Mile Scrub Inland Rail Trail

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

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

The trail will offer stunning views of Lake Awoonga and the surrounding catchment area and is expected to boost visitor numbers to the region once complete. This project represents a significant investment into the region's tourism sector and is expected to be completed in 2022.

'Buy Local' procurement practices

GAWB supports the Queensland Procurement Policy principle of putting Queenslanders first when securing value for money and recognising that ensuring value for money reflects more than just the lowest price. As part of this commitment, we include a local benefit test for all significant procurement activities where a weighting of up to 30 per cent may be applied. In addition, for each procurement opportunity, at least one regional and one Queensland supplier is invited to submit a quote (where possible).

During the last year approximately 80 per cent of our purchase orders stayed within Queensland and over 50 per cent of these went to our local suppliers.

Strategic Objective:

Skilled and responsive workforce

Focus on safety

The safety of our employees and contractors is paramount. During the year we continued to promote a safe work culture through the outworking of our Safety Action Plan. Refer to page 11 for an overview of activities completed as part of the Safety Action Plan.

An external review of our safety culture was undertaken during the year, to facilitate future benchmarking. Independent measures of our employees' commitment to improving our safety culture was also evident through the increased number of safety interactions and workplace site safety inspections.

Recognising the reduced amount of leave being taken by employees because of COVID-19, compulsory shut-down periods were invoked in January and April 2021 to manage fatigue and promote a healthy workplace. We also have a COVID-19 Work Health and Safety Plan in place for our employees to manage the ongoing risks associated with the pandemic.

Supporting mental health and wellbeing

In recognition of the importance of promoting a mentally healthy workplace, we have developed a Healthy Minds program, in support of our Mental Health Strategy. The aim of Healthy Minds is to provide resources, implement activities and offer training opportunities to our employees to educate and assist with managing their mental health and wellbeing.

Following an official launch event in April 2021, we have introduced weekly 'Take 10 at 10' activities where our employees take a 10-minute break at 10:00am to participate in a mindfulness activity. Regular communications are also issued as part of our Weekly Updates on ways our employees can improve their mental health. Proposed activities over the remainder of 2021 include yoga sessions, mental health training, sponsorship of employees at selected sporting events and a mental health awareness campaign.

People and culture

During 2020-21, we progressed our cultural change journey towards building a workplace where alignment of our core values, action and performance orientation and accountability is evidenced in 'the way we work'.

Our workforce demonstrated commitment to our strategic objectives throughout the year with the outworking of our operational plan. This represented a significant step-change for our organisation. On the back of implementing a Performance Management Framework during the 2020-21 period and a revised Code of Conduct in October 2019, we are now seeing a heightened awareness and an increased application of their associated processes. We consider this to be a step in the right direction in terms of our culture journey.

Our achievements for the period include:

- development and launch of an organisational Culture Strategy
- implementation of a new Performance Management Framework
- undertaking an organisational review of Position Descriptions
- developing Job Profiles for every position within our organisational structure.

Our focus for 2021-22 will be to embed our Culture Strategy, commence Stage 2 of the "Step-Up Leadership Foundations Program", undertake a review of our approach to employee communications and review our recruitment practices to ensure we are attracting and retaining quality people in a competitive employment market.

Employee and industrial relations framework

The composition of our workforce includes the following employment categories:

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

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

We undertake an annual Better Off Overall Test (BOOT) to ensure our workforce employment conditions do not fall below minimum standards.

In the 2020-21 period, we facilitated three voluntary redundancies.

Workforce profile

- 84 employees (82.13 FTE)
- Gender ratio: 62 per cent male / 38 per cent female
- 94.1 per cent full-time/ 5.9 per cent part-time
- 80 per cent staff retention (20 per cent permanent separation rate)
- 25.92 per cent annualised turnover
- 5.9 years average workforce tenure
- 47 years average age profile.

Strategic Objective:

Operational sustainability

Our response to climate change

GAWB is committed to reducing carbon emissions and responding to climate change risk. Following Board approval of a Climate Change Policy in June 2020, our Climate Change Framework now also includes a Climate Change Strategy and a Climate Change Strategy Action Plan. These additional documents articulate our commitment to voluntarily reduce our CO2 emissions by a minimum of 3,900 tonnes by 2030, which is a 30 per cent reduction from 2020 levels, and details the activities that we will undertake to achieve that reduction.

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

Protecting our environment

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

Our activities during the year included:

- undertaking an extensive water quality monitoring program
- undertaking an aquatic ecological monitoring program
- bank slumping and erosion monitoring
- operation and maintenance of stream flow gauging stations, water level meters, flow meters, rain gauges and a weather station
- conducting environmental impact assessments
- development of a new pest and weed monitoring program

- the use of enhanced technology (unmanned aerial vehicles) to monitor our catchment.

Management systems

Internal audit management system processes were reviewed in September 2020 by GAWB's appointed external auditor. The outcome of this surveillance audit confirmed that GAWB was fully compliant and maintains certification to the following ISO standards:

- asset management system (ISO55001)
- quality management system (ISO9001)
- environmental management system (ISO14001)
- safety management system (AS4801).

In May 2021, a further on-site surveillance audit verified that GAWB's integrated management system, supported by the undertaking of management system audits, continues to align with relevant Standards.

Technology

During 2020-21 our technology team facilitated the systematic and planned implementation of numerous strategic technology initiatives, in accordance with our ICT Strategic Plan. This included:

- the implementation of digital workflows
- infrastructure upgrades to improve the scalability of core technical applications and services
- an upgrade of our TechnologyOne (cloud hosted ERP) to version 2020B
- an expedited upgrade from 'Skype for Business' to Microsoft Teams to enable enhanced communications and business continuity to support a remote workforce during the COVID-19 pandemic
- roll out of Microsoft Dynamics as our Customer Relationship Management solution to more effectively manage customer interactions
- continuation of the transition to a managed services environment.

Capital works program

During 2020-21 we invested \$9.2 million against a forecast spend of \$24.7 million. The reduced spend on capital projects was due to delays in the supply of materials, attributable to COVID-19, and a shortage of resources in the capital projects team. These delays impacted the forecast completion date of a number of our significant capital projects. An overview of our significant projects in delivery and their current status is set out below.

Our approach to capital projects at GAWB continues to evolve. During 2021-22 we will implement a new project management framework which aims to reflect that of other Queensland Government organisations.

SIGNIFICANT CAPITAL PROJECTS IN DELIVERY

Hatchery Relocation

Project value: \$11.249 million

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

Status: The progress of some project activities have been impacted by supply chain issues, however, the project is still scheduled for completion by October 2021.

Awoonga Dam Conduit Inspection

Project value: \$1.81 million

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

Status: The first shutdown was successfully completed between 27 June 2021 and 2 July 2021, with 500 metres of conduit being cleaned and inspected. A second shutdown is scheduled for September 2021, which will inspect the remaining 350 metres of conduit.

Emergency Muster Point

Project value: \$1.664 million

Purpose: The Emergency Muster Point will provide a place of refuge for Pikes Crossing residents who become isolated during severe weather events. The project will incorporate a facility to house residents for up to 10 days complete with basic cooking, amenities and sleeping facilities. The project will also upgrade the access track enabling residents to leave the area via GAWB's spillway bridge once Pikes Crossing causeway is flooded before isolation occurs.

Status: Site early works, building pad preparation and modifications to the access track have been completed. Construction activities have stalled due to supply chain issues, which has extended the forecast completion date to February 2022.

Gladstone Regional Council – Kirkwood Reservoir

Project value: \$6.2 million

Purpose: Gladstone Regional Council has requested that GAWB provide a treated water connection to their Kirkwood Reservoir. The reservoir's high elevation requires the construction of a new pump station and booster pumps. Once fully operational, the pump station will supply treated water to Kirkwood and Calliope residents.

Status: Project implementation has been delayed due to manufacturing and procurement issues associated with the pump set. The project now has a revised forecast completion date of March 2022.

Gladstone Water Treatment Plant Filter Media Replacement

Project value: \$2.50 million

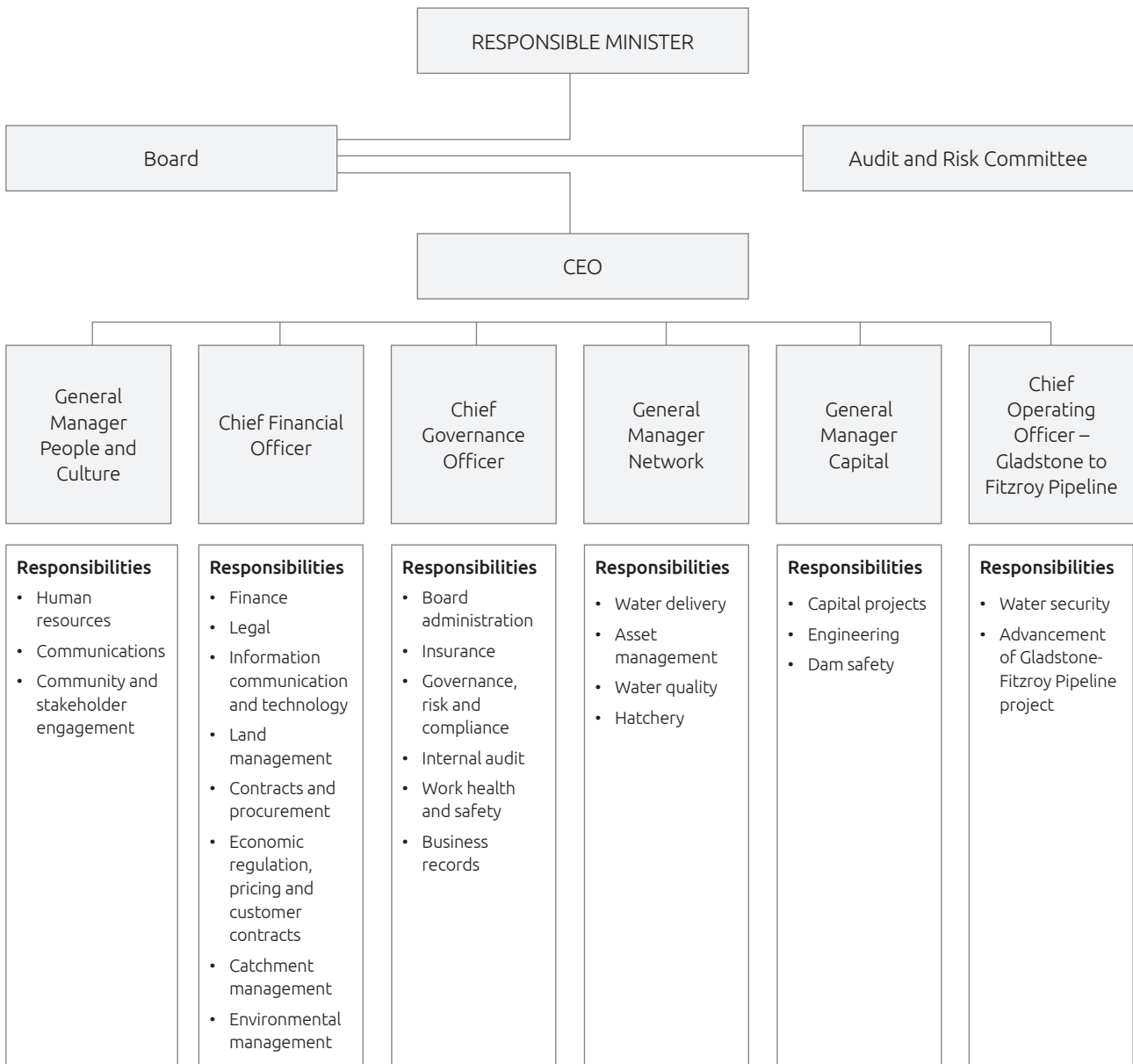
Purpose: The Gladstone Water Treatment Plant provides treated water to the Gladstone region through two process trains that incorporate rapid gravity anthracite and sand dual media filtration. This project is required to replace filter media layers and the structural components of filters 1 – 8, which have exceeded their design life.

Status: The commencement of this project was delayed from November 2020 to April 2021, to avoid the risk associated with a high rainfall event following the La Nina alert issued by the Bureau of Meteorology. Site works are now currently underway, with the project set for completion by February 2022.

Governance

Organisation structure

As at 30 June 2021, our organisation structure was as follows:



A minor re-structure was undertaken in May 2021, with the establishment of a new executive position. The role of Chief Operating Officer – Gladstone to Fitzroy Pipeline has been created to advance GAWB's Water Security Strategy to ensure GAWB's continued operational sustainability as a reliable water provider in Central Queensland.

Executive Leadership Team

As at 30 June 2021, the Executive Leadership Team comprised:

Darren Barlow

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

Chief Executive Officer

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

Hugh Barbour

CPA, BBus (Acct), GAICD

Chief Operating Officer – Gladstone-Fitzroy Pipeline

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

Robin Bates

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

Chief Governance Officer

Robin commenced with GAWB in February 2017. Before joining GAWB, Robin held the position of Managing Partner with a Central Queensland law firm. Robin has extensive experience in commercial law, insurance and litigation. She brings managerial expertise to the role together with post-graduate qualifications in corporate governance, compliance and risk management.

Catherine Byers

BBus (HR)

General Manager – People & Culture

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

Greg Clarke

PMP, CPPM, MAIPM, DipCivil, GradCertProjProgMgt

General Manager – Capital

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

Sashie Naidoo

BCom, Dip Proj Mgt, Cert Piping Design, GAICD

General Manager – Network

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

Angela Moody

BEcon, BA, MProfEcon, GradDipAppFin, GAICD
Chief Financial Officer

Angela was appointed to the role of Chief Financial Officer on 31 May 2021. Angela has extensive experience in economic regulation, strategy, stakeholder engagement, governance, commercial analysis and institutional reform. Before joining GAWB, Angela was a consultant for 10 years advising private sector and Government clients on a range of issues relating to economic regulation, policy development and strategy development. Angela was previously GAWB's Regulation and Planning Manager.

Board of Directors

Maxine Brushe

MAICD

Chair

Mrs Brushe was appointed the Chair on 22 August 2019 for a term of three years. She served as a local Government councillor for 21 years, including 13 years with Calliope Shire Council (including 5 years as Deputy Mayor) and 8 years with Gladstone Regional Council. Mrs Brushe has contributed to a wide range of community organisations over the past three decades. She has over 25 years' experience as a Board and Committee Chair in the regional promotion and development sector and Community Bank sector.

Prof. Poh-Ling Tan

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

Director

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

Aurelia Noran

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

Director

Mrs Noran was appointed to the Board as a Director on 22 August 2019 for a term of three years. She has also been elected as the Chair of the Audit and Risk Committee. Mrs Noran is a Fellow of Engineers Australia, has an MBA from Griffith University and is a Graduate of the Australian Institute of Company Directors. She has over 25 years of experience in project, program and portfolio management in the public and private sectors and has been part of project teams delivering major projects such as Queen's Wharf, the Airport Link and Northern Busway Project. Mrs Noran is currently a Project Management Director with Infrastructure Project Solutions focusing on delivery of project management and strategy services.

Peter Masters

Director

Mr Masters was appointed to the Board as a Director on 29 June 2021 for a term of three years. Mr Masters is currently a General Manager for a local transport, mechanical and plant hire company. He is a well-known Gladstone Industry figure, having worked for both public and private organisations, in management and purchasing roles. Mr Masters has an extensive history working with and leading community-based not-for-profit organisations and sporting clubs.

Corporate governance

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

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

Principle 1 – lay solid foundations for management and oversight

The Board operates pursuant to a Governance Charter which provides guidance on the framework of rules, relationships, systems and processes by which authority within the organisation is exercised and controlled. The Governance Charter clearly defines the composition, functions and responsibilities of the Board, the Chair, individual Directors and Management.

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

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

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

The performance of the Executive Leadership Team is measured against Key Performance Indicators and managed through a performance review process.

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

GAWB's directors are appointed by the Governor-in-Council pursuant to section 600(1) of the Water Act.

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

An external Board evaluation was undertaken during 2020-21. The evaluation concluded that the GAWB Board is performing all of its functions comprehensively and capably in terms of legislative, regulatory and Governance Charter expectations. Further, the Board is overseeing an effective and successful organisation which ensures sustainable, quality water services are delivered to industry and the community in the Gladstone region.

Details of GAWB's Directors' experience and term of office is contained on page 23. Although Director Tan's term expired on 22 August 2021, pursuant to section 604(4) of the Water Act a director of a Category 1 water authority continues to hold office after their term of office ends until a successor is appointed.

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

GAWB actively promotes and reinforces a culture across the organisation of acting lawfully, ethically and responsibly. GAWB's Board approved values provide the guiding principles to the organisation as to what is expected from its Directors, Management and employees. The standards of behaviour that the Board expects is clearly articulated in its Code of Conduct.

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

GAWB has a comprehensive framework to prevent,

detect and respond to fraud and corrupt conduct. This includes a Fraud and Corrupt Conduct Policy and Procedure, a separate policy and procedure for dealing with complaints of alleged corrupt conduct involving the Chief Executive Officer, as well as a Public Interest Disclosure Policy and Procedure. GAWB's policies and procedures relating to fraud control and prevention have been reviewed and approved by the Crime and Corruption Commission. In addition, an external whistleblower hotline is available, allowing personnel and the public the ability to seek assistance from an impartial third party with ethical dilemmas and report suspected fraud or corrupt conduct.

Principle 4 – safeguard the integrity of corporate reports

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

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

- reviews and monitors Management's project plan
- reviews and provides advice to the Board on:
 - the appropriateness and disclosure of, or change in, significant accounting policies
 - the treatment and disclosure of complex or unusual transactions
 - the methodology and assumptions underpinning significant items including fair value and impairment assessments
 - significant judgments made by management in preparing the financial statements including any significant estimates
 - the going concern assumptions
- satisfies itself that the financial statements are supported by appropriate written Management sign-off on the statements and on the adequacy of key internal controls
- reviews the financial statements, including whether appropriate action has been taken in response to audit recommendations and adjustments to the draft financial statements, and recommend their

adoption by the Board for signature

- reviews the processes in place designed to ensure that financial information included in the annual report is consistent with the signed financial statements
- analyses GAWB's financial performance and financial position and seeks to understand significant trends or variations from budget or forecasts.

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

Details of Committee members, meetings held and attendance at those meetings is set out on page 26.

Principle 5 – make timely and balanced disclosures

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

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

Principle 6 – respect the rights of stakeholders

The importance of building and maintaining strong relationships with our customers and the community is reflected as one of our strategic objectives – high customer and community satisfaction – in our 2020-25 Strategic Plan.

To enable us to deliver on this strategic objective, a comprehensive Customer Engagement and Communications Strategy and supporting action plan has been developed. The implementation of this Strategy will have a positive impact on customer and community satisfaction, which is central to the social contract under which GAWB operates.

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

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

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

Principle 7 – recognise and manage risk

GAWB maintains a risk management framework based on the International Standard for Risk Management (ISO 31000:2018) and in accordance with the requirements of section 28 of the *Financial and Performance Management Standard 2019* (Qld).

GAWB's risk framework includes a Board approved Risk Appetite Statement, Risk Management Policy and Financial Risk Management Policies. Subordinate documents include a Risk Management Manual and a Risk Assessment Matrix to ensure consistent and timely escalation of risks and issues.

Throughout 2020-21, a significant body of work was undertaken to establish an enterprise-wide approach to managing risk in an integrated, systematic and practical manner. This included the revision of our Risk Appetite Statement and Risk Assessment Matrix and a

review of our Corporate and Operational Risks.

During 2021-22, GAWB's new risk operating model will be implemented, which will be supported by a change management plan to ensure successful in the integration of the newly created and updated risk artefacts. An uplift in risk management capability and awareness through training will also complement the activities associated with the new risk operating model.

Complementing our risk management framework is our corporate compliance management system, which aligns with ISO19600:2015 (compliance management system).

GAWB's internal audit function, which is performed by a specialist external service provider, is another key component of the governance framework, providing independent assurance that GAWB has proper and effective controls, governance and risk management processes in place. Additional information about GAWB's internal audit function is set out on page 27.

Principle 8 – remunerate fairly and responsibly

Board members

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

Employees (including senior executives)

GAWB has a Board approved Employee Remuneration and Rewards Policy which provides a fair and transparent framework for the remuneration of employees, including senior executives, and ensures compliance with relevant legislation and obligations.

Meeting attendance

Director	Board Meetings		Audit and Risk Committee Meetings	
	Attended	Held ¹	Attended	Held ¹
Mrs Maxine Brushe	13	13 ²	5	5
Mrs Aurelia Noran	13	13 ²	5	5
Prof. Poh-Ling Tan	12	13 ²	5	5
Mr Peter Masters	0	0	0	0

1. Reflects the number of meetings held during the time the Director held office / was a member of the Committee during the year.
2. There were 9 ordinary board meetings and 4 special board meetings held during the year.

Audit and Risk Committee

During the year, the role of the Audit Committee was expanded to include risk management as part of its remit, to enable a greater focus and in-depth consideration by Directors on strategic risks and opportunities. The Audit and Risk Committee (Committee) assists the Board in fulfilling its governance oversight responsibilities for financial reporting, monitoring the adequacy of internal controls, the audit process, compliance, risk management and governance frameworks.

In 2020-21, the Committee met on five occasions. Its activities included:

- review of GAWB's 2019-20 financial statements
- oversight of the internal control framework
- oversight of the review of the internal audit function
- oversight of the internal audit function, including the review of the proposed three year internal audit plan and completed internal audit reports together with monitoring management's implementation of internal audit recommendations
- review of various governance documents including the:
 - Audit and Risk Committee Charter
 - Internal Audit Charter
 - Risk Appetite Statement
 - Risk Management Policy

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

Internal audit

GAWB's internal audit function is a key component of our corporate governance framework, providing independent assurance on the effectiveness of our risk management, control and governance processes.

During the year a comprehensive review of the internal audit function was undertaken to mature and elevate the role of internal audit across the business.

Key activities undertaken as part of this review included:

- reviewing and providing advice on better practice recommendations in respect of the Internal Audit Charter, Audit Committee Charter, Audit Committee Agenda and Audit Committee Annual Work Plan
- development and implementation of an Internal Audit Framework to articulate the key operations of the internal audit function
- education and awareness sessions for employees about the internal audit function and the Three Lines Model
- training and professional development opportunities for GAWB internal audit personnel.

External scrutiny

Queensland Audit Office

On 28 January 2021, the Queensland Audit Office tabled a report in Parliament titled *Water 2020 Report 9: 2020-21* which summarised the audit results of six entities in Queensland's water sector. GAWB was one of the entities included in the report.

The report included three recommendations, however only Recommendation 1 - Strengthen the security of information systems - was relevant to GAWB's operations. Whilst GAWB has undertaken significant investment to strengthen the security of our information systems against cybersecurity attacks, there are several projects which will be undertaken during 2021-22, including the implementation of multifactor authentication, to further reduce this risk.

Crime and Corruption Commission

In June 2021 the Crime and Corruption Commission (CCC) released its *Corrupt Conduct Assessment Audit* which evaluated how effectively agencies are assessing complaints about corrupt conduct and notifying the CCC of such conduct. GAWB was one of the agencies involved with this audit, however, we did not have any matters that were assessed by the CCC as potential corrupt conduct for further examination.

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.

Digitisation and destruction documentation is currently being developed to enable the destruction of physical temporary records once digitised, ultimately diminishing the physical storage requirement of these temporary records. Our Record Keeping Policy and Record Keeping Plan define roles and responsibilities as well as recordkeeping requirements within the organisation. GAWB is using the Queensland State Archives General Retention and Disposal Schedule issued under the authority of section 26 of the *Public Records Act 2002* (Qld) for the disposal of common and administrative public records created by all Queensland Government agencies.

Human rights

GAWB received no human rights complaints in 2020-21. We are currently undertaking a process to review our policies and procedures against the *Human Rights Act 2019* (Qld) to ensure alignment.

Public Sector Ethics Act 1994

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

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

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

Open data

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

Financial performance

GAWB's net profit after income tax equivalents for 2020-21 is \$12.37 million, a \$7.18 million favourable variance to budget. This is largely attributable to customers not taking up COVID-19 support options and increased customer demand.

Lease income was below budget as a consequence of rent relief provided to our tenants and agistees as part of a COVID-19 relief package.

Our operating costs were lower than budget in the areas of employment, administration, professional services and electricity.

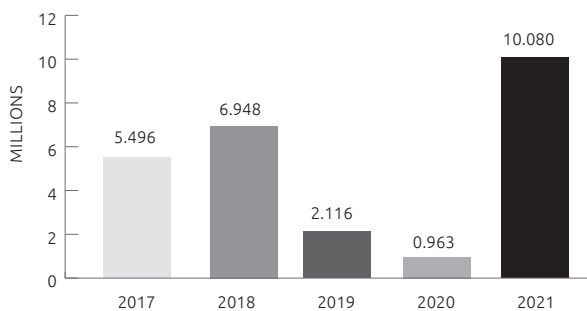
GAWB's net assets as at 30 June 2021 amount to \$403.96 million. This value is below budget due to lower than forecast capital spend and a write down of assets.

GAWB's borrowings as at 30 June 2021 totalled \$249.27 million. There were no additional borrowings during the financial year.

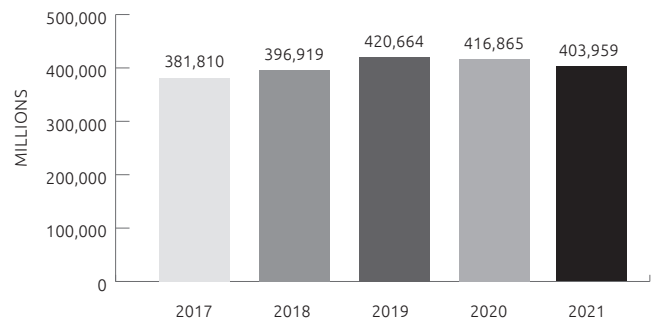
GAWB returned a paid dividend of \$0.96 million to the Queensland Government during the year and propose a dividend payable of \$10.08 million for 2020-21.

A comprehensive breakdown of our income, operating costs and financial position can be found in our financial statements.

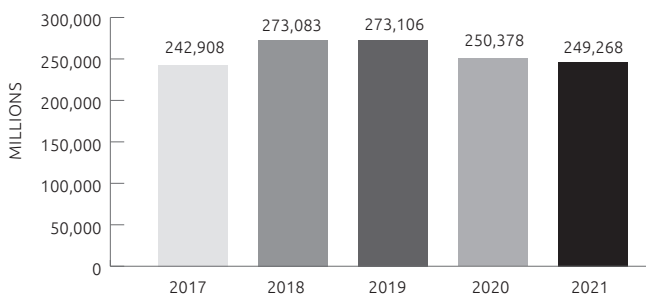
Dividends declared



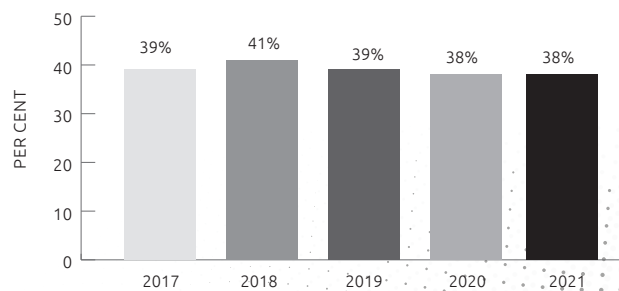
Total equity



Borrowings



Debt/equity ratio





Gladstone Area Water Board Financial statements

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Statement of profit and loss and other comprehensive income

FOR THE YEAR ENDED 30 JUNE 2021

Continuing operations

Water revenue

Other income

Total income

Expenditure

Employee expenses

Operational expenses

Finance costs

Write off on non-current assets

Depreciation

Amortisation of right of use assets

Amortisation of intangible assets

Impairment of assets held for sale

Devaluation of non-current assets

Total expenditure

Profit from continuing operations before income tax

Income tax equivalents expense

Profit for the year

Other comprehensive income

Items that will not be reclassified subsequently to profit or loss

Revaluation of property, plant and equipment

Income tax relating to components of other comprehensive income

Total other comprehensive income, net of income tax

Total comprehensive income for the year

Profit attributable to:

Owners of Gladstone Area Water Board (GAWB)

Total comprehensive income for the year attributable to:

Owners of GAWB

Note	2021	2020
	\$'000	\$'000
	69,188	61,808
4(a)	659	1,830
	69,847	63,638
4(b)	(11,815)	(12,518)
4(b)	(15,022)	(16,307)
4(b)	(4,340)	(10,071)
	(137)	(484)
	(19,247)	(19,148)
9	(493)	(563)
11	(792)	(2,827)
	–	(405)
10	(331)	(317)
	(52,177)	(62,640)
	17,670	998
5(a)	(5,302)	(301)
	12,368	697
10	(21,706)	(3,671)
	6,512	1,101
	(15,194)	(2,570)
	(2,826)	(1,873)
	12,368	697
	(2,826)	(1,873)

The accompanying notes form part of these financial statements.

Statement of financial position

AS AT 30 JUNE 2021

	Note	2021	2020
		\$'000	\$'000
Current assets			
Cash and cash equivalents	6(a)	52,533	29,934
Trade and other receivables	7	7,128	6,087
Assets held for sale	8	–	1,000
Inventories		667	656
Current tax asset	5(b)	–	197
Total current assets		60,328	37,874
Non-current assets			
Right-of-use assets	9	1,034	1,303
Property, plant and equipment	10	686,913	718,755
Intangible assets	11	4,168	3,907
Biological assets		30	29
Total non-current assets		692,145	723,994
Total assets		752,473	761,868
Current liabilities			
Trade and other payables	12	5,618	5,776
Lease liabilities	9	380	412
Provisions	14	11,740	2,772
Current tax liability	5(b)	4,508	–
Total current liabilities		22,246	8,960
Non-current liabilities			
Loans and borrowings	13	249,268	250,378
Trade and other payables	12	514	627
Lease liabilities	9	704	914
Provisions	14	583	636
Other non-current liabilities		1	1
Deferred tax liabilities	5(c)	75,198	83,487
Total non-current liabilities		326,268	336,043
Total liabilities		348,514	345,003
Net assets			
Equity			
Contributed equity		64,647	64,647
Asset revaluation surplus		294,856	310,593
Retained earnings		44,456	41,625
Total equity		403,959	416,865

The accompanying notes form part of these financial statements.

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2021

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

	Contributed equity	Asset revaluation surplus	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020	64,647	310,593	41,625	416,865
Comprehensive income for the period				
Profit from continuing operations	–	–	12,368	12,368
Other comprehensive income	–	(21,706)	–	(21,706)
Total comprehensive income	–	6,512	–	6,512
Transfers within equity				
Disposal of revalued assets	–	(543)	543	–
Transactions with owners as owners				
Dividends proposed	–	–	(10,080)	(10,080)
Balances at 30 June 2021	64,647	294,856	44,456	403,959

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 2021

Cash flows from operating activities

Inflows:

Receipts from customers

Interest received

Outflows:

Payments to employees

Payments to suppliers and services

Net Borrowing costs paid

Net Goods and Services Tax (GST)

Tax equivalents paid to Queensland Treasury

Net cash provided by operating activities

Cash flows from investing activities

Inflows:

Proceeds from sale of property, plant & equipment

Outflows:

Acquisition of property, plant & equipment

Acquisition of intangible assets

Net cash used in investing activities

Cash flows from financing activities

Outflows:

Loan repayments

Dividends paid

Lease liability repayments

Net cash (used in)/from financing activities

Net increase/(decrease) in cash and cash equivalents

Cash and cash equivalents at 1 July

Cash and cash equivalents at 30 June

Note	2021	2020
	\$'000	\$'000
	69,023	62,346
	262	315
	(12,019)	(12,153)
	(17,457)	(15,505)
	(5,595)	(9,843)
	2,192	(86)
	(2,374)	(783)
6(b)	34,032	24,291
	1,055	–
	(9,849)	(9,824)
	(1,211)	(1,381)
	(10,005)	(11,205)
	–	(23,000)
	(963)	(2,116)
	(465)	(540)
	(1,428)	(25,656)
	22,599	(12,570)
	29,934	42,504
6(a)	52,533	29,934

The accompanying notes form part of these financial statements.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

1. Reporting entity

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

2. Basis of preparation

(a) Presentation

Historical cost convention

The financial statements have been prepared on the historical cost convention, except for certain classes of property, plant and equipment which are measured at fair value. The methods used to measure fair value are discussed further in Note 10.

Functional and presentation currency

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

Rounding of amounts

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

Classification between current and non-current

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

Goods and services tax

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

(b) Statement of compliance

These financial statements are general purpose financial statements and have been prepared in accordance with the *Financial Accountability Act 2009*, the disclosure requirements of section 39 of the *Financial and Performance Management Standard 2019*, *Statutory Bodies Financial Arrangements Act 1982*, applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

These financial statements of GAWB for the year ended 30 June 2021 were approved for issue in accordance with a resolution of the directors on 19 August 2021.

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

Accounting policies

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

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

No new accounting standards have been applied in the year ended 30 June 2021.

Accounting standards and interpretations issued but not yet effective

All standards and interpretations issued but not yet effective for the year ending 30 June 2022 and periods thereafter, have been reviewed and are considered to have no impact on the financial statements.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

3. Significant accounting judgements, estimates and assumptions

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

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

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

4. Profit from continuing activities

(a) Revenue

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

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

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

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

Interest received

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

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

4. Profit from continuing activities (cont.)

Other revenue

Interest received
Lease revenue
Grants and other contributions
Other

Total other revenue

2021	2020
\$'000	\$'000
262	315
230	385
113	1,112
54	18
659	1,830

Lease revenue was impacted in 2021 and 2020 by rent relief for COVID-19 being offered to all existing tenants for twelve months from 1 April 2020 to 31 March 2021. The value of the relief was \$251,779 (2020: \$86,842). Grant revenue has decreased as a result of the completion in 2020 of a grant received regarding the Gladstone Fitzroy Pipeline Project.

(b) Expenses

Employee costs

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

Total employee costs

2021	2020
\$'000	\$'000
10,186	10,606
983	1,007
375	249
271	656
11,815	12,518

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 2021 (2020: \$0.08 million). Other labour related costs include staff training and conferences, recruitment expenses, staff uniforms and staff welfare expenditure.

Full-time equivalent employees (FTEs)

GAWB employed 82.1 FTE's as at 30 June 2021 (2020: 91.5 FTE's). This included both full-time employees, part-time and casual employees, measured on a full-time equivalent basis. This excludes directors.

Operational expenses

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

Total operational expenses

2021	2020
\$'000	\$'000
3,927	3,409
2,917	2,641
2,682	2,202
1,900	2,537
1,389	1,124
702	2,528
644	688
430	459
218	537
213	182
15,022	16,307

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

4. Profit from continuing activities (cont.)

Finance costs

Interest paid
Competitive neutrality fee
Bank charges

Total finance costs

2021	2020
\$'000	\$'000
2,270	7,425
1,666	2,263
404	383
4,340	10,071

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 (2021 and 2020: 30%).

(ii) Deferred income tax

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

(iii) Offsetting of deferred tax balances

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

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

(a) Income tax equivalents expense

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

2021	2020
\$'000	\$'000
17,670	998
5,301	299
1	2
5,302	301
7,079	2,688
16	(488)
(1,793)	(1,899)
5,302	301

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

5. Income tax equivalents (cont.)

b) Income tax payable / (receivable)

	2021	2020
	\$'000	\$'000
Opening balance	(197)	(2,102)
Charged to income	7,079	2,688
Payments	(2,374)	(783)
Closing balance	4,508	(197)

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	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, plant & equipment	–	–	(84,190)	(92,495)	(84,190)	(92,495)
Intangible assets	8,077	8,010	–	–	8,077	8,010
Trade & other payables	41	49	–	–	41	49
Employee benefits	669	720	–	–	669	720
Lease assets and liabilities	15	7	–	–	15	7
Revenue received in advance	190	222	–	–	190	222
Tax assets/(liabilities)	8,992	9,008	(84,190)	(92,495)	(75,198)	(83,487)

Movement in temporary differences during the year:

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

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

5. Income tax equivalents (cont.)

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

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

6(a) Cash and cash equivalents

	2021	2020
	\$'000	\$'000
Cash at bank	2,686	3,510
Deposits at Queensland Treasury Corporation, at call	49,847	26,424
Total cash and cash equivalents	52,533	29,934

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 2021 ratings. Cash assets include all cash and cheques receipted but not banked as at 30 June. Cash at bank earns interest at floating rates based upon daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

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

	2021	2020
	\$'000	\$'000
Operating profit after income tax equivalents	12,368	697
Non-cash items included in operating result:		
Adjustments for: Depreciation	19,247	19,148
Amortisation	1,284	3,390
Devaluation of non-current assets	330	317
Impairment of assets held for sale	–	405
Net loss on disposal of property, plant and equipment	274	603
	33,503	24,560
Change in assets and liabilities:		
Decrease in trade and other receivables	(1,041)	277
Decrease/(increase) in deferred tax assets	16	(487)
Increase in trade and other payables	(46)	(229)
Increase in deferred tax liabilities	(8,305)	(3,412)
Decrease in current tax liabilities/(assets)	4,705	1,904
Decrease in provisions	(202)	(107)
Increase in borrowing costs	(1,110)	272
Decrease in tax regarding asset revaluation surplus	6,512	1,513
Net cash from operating activities	34,032	24,291

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

6(c) Reconciliation of liabilities arising from financing activities

	Balance 1 July 2019	Cash flows	Non-cash changes	Balance 30 June 2020
	\$'000	\$'000	\$'000	\$'000
Long term borrowings	273,106	(30,441)	7,713	250,378
Lease liabilities	–	(540)	1,866	1,326
Long term debt	273,106	(30,981)	9,579	251,704

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

7. Trade and other receivables

	2021	2020
	\$'000	\$'000
Current		
Trade receivables	5,927	5,248
Other receivables and prepayments	1,201	839
Total trade and other receivables	7,128	6,087

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 \$1.46 million of trade receivables at 30 June 2021 (2020: \$1.25 million).

Ageing analysis of trade receivables at the reporting date:

Trade receivables not impaired

	2021	2020
	\$'000	\$'000
Not due	5,084	4,636
Overdue <31 days	840	606
Overdue 31–60 days	–	1
Overdue >60 days	3	5
Total	5,927	5,248

As at 30 June 2021 GAWB had current trade receivables of \$nil (2020: \$nil) that were impaired. All the current net trade receivables that are past due are with long standing customers who have a good payment history.

GAWB manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by monitoring all funds owed on a timely and ongoing basis. Refer to Note 15(b) credit risk for further information.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

8. Assets held for sale

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

	2021	2020
	\$'000	\$'000
Transferred from property, plant and equipment	–	2,780
Impairment	–	(1,780)
Total assets held for sale	–	1,000

9. Right of use assets and lease liabilities

Leases as a lessee

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

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

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

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

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

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

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

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

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

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

	2021	2020
Land and Buildings	8–60 years	8–60 years
Motor vehicles	3-5 years	3-5 years

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

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

Leases as a lessee (cont.)

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

Right-of-use assets	2021	2020
	\$'000	\$'000
Land and buildings		
At cost	910	906
Accumulated depreciation and impairment	(239)	(120)
Total land, buildings & improvements	671	786
Motor vehicles		
At cost	1,035	853
Accumulated depreciation and impairment	(672)	(336)
Total motor vehicles	363	517
Total property, plant and equipment carrying amount	1,034	1,303

Reconciliation

Carrying amount at 1 July 2019

Additions

Disposals

Amortisation

Carrying amount at 30 June 2020

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

Reconciliation

Carrying amount at 1 July 2020

Additions

Disposals

Amortisation

Carrying amount at 30 June 2021

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

Lease liabilities

Current

Non-current

Total

	2021	2020
	\$'000	\$'000
Current	380	412
Non-current	704	914
Total	1,084	1,326

Expenses recognised in profit or loss

Interest expense on lease liabilities

Expenses relating to short-term leases

	2021	2020
	\$'000	\$'000
Interest expense on lease liabilities	51	59
Expenses relating to short-term leases	–	59

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

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

Leases as a lessee (cont.)

Total cash outflow for leases

Outflow

	2021	2020
	\$'000	\$'000
	515	617

Leases as lessor

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

Not later than 1 year

Later than one year not later than five years

Later than five years

	2021	2020
	\$'000	\$'000
	293	228
	324	324
	261	344
	878	896

During the year ended 30 June 2021, \$0.23 million was recognised as revenue in the Statement of Profit and Loss and Other Comprehensive Income in respect of operating leases (2020: \$0.39 million).

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

10. Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

Lease liabilities

Buildings and improvements

Infrastructure assets:

 Dam structure

 Pump stations, reservoirs, pipelines and related plant

Minor plant and equipment

Motor vehicles

	2021	2020
Buildings and improvements	8–60 years	8–60 years
Infrastructure assets:		
Dam structure	40–150 years	40–150 years
Pump stations, reservoirs, pipelines and related plant	10–50 years	10–50 years
Minor plant and equipment	3–20 years	3–20 years
Motor vehicles	4 years	4 years

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

(iv) Derecognition

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

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

10. Property, plant and equipment (cont.)

(a) Balances and reconciliation of carrying amount

Land, buildings & improvements

Land:

At fair value

Buildings & improvements:

At fair value

Total land, buildings & improvements

Infrastructure assets

At fair value

Total infrastructure assets

Minor plant & equipment

At cost

Accumulated depreciation

Total minor plant & equipment

Motor vehicles

At cost

Accumulated depreciation

Total motor vehicles

Assets under construction

At cost

Total property, plant and equipment carrying amount

	2021	2020
	\$'000	\$'000
	16,132	16,670
	35,841	38,117
	51,973	54,787
	609,137	643,541
	609,137	643,541
	15,456	13,202
	(7,266)	(6,779)
	8,190	6,423
	376	376
	(250)	(223)
	126	153
	17,487	13,851
	686,913	718,755

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

10. Property, plant and equipment (cont.)

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

Reconciliation	Land, buildings & improvements	Infrastructure assets	Minor plant & equipment	Motor vehicles	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2019	57,184	656,370	6,083	180	12,256	732,073
Additions	–	–	–	–	11,702	11,702
Disposals	(313)	(265)	(12)	–	–	(590)
Transfer to/(from) assets under construction	2,820	7,373	1,400	–	(11,593)	–
Transfer from intangible assets	–	–	–	–	1,970	1,970
Transfers to assets held for sale	(2,756)	–	(24)	–	–	(2,780)
Depreciation	(1,835)	(16,262)	(1,024)	(27)	–	(19,148)
Write off to Profit and Loss	–	–	–	–	(484)	(484)
Revaluation increment/(decrement)	(313)	(3,675)	–	–	–	(3,988)
Carrying amount at 30 June 2020	54,787	643,541	6,423	153	13,851	718,755
Carrying amount at 1 July 2020	54,787	643,541	6,423	153	13,851	718,755
Additions	–	–	–	–	9,820	9,820
Disposals	(28)	(6)	(166)	–	–	(200)
Transfer to/(from) assets under construction	651	2,178	3,170	–	(5,999)	–
Transfer to intangible assets	–	–	–	–	(48)	(48)
Depreciation	(1,705)	(16,271)	(1,237)	(27)	–	(19,240)
Write off to Profit and Loss	–	–	–	–	(137)	(137)
Revaluation increment/(decrement)	(1,732)	(20,305)	–	–	–	(22,037)
Carrying amount at 30 June 2021	51,973	609,137	8,190	126	17,487	686,913

(b) Deemed historical cost

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

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

	2021	2020
	\$'000	\$'000
Land	10,076	10,076
Buildings and improvements	35,386	34,707
Infrastructure	415,769	413,588
Total cost	461,231	458,372

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

(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 2021 using the following key assumptions and approach:

- GAWB's assets are subject to economic regulation and it is assumed that they will continue to be subject to monopoly price oversight in the future.
- Post-tax cash flows have been projected based on forecasts of prudent and efficient capital expenditure, operating costs and revenue consistent with GAWB's planning projections for the regulatory period to June 2025 covered by the QCA's 2020 Final Report on GAWB's Pricing Practices. Projected post-tax cash flows have then been discounted at the post-tax WACC rate of 4.74%.
- Revenue cash flows for the 2020–2025 regulatory period incorporates an allowance for price rebates provided to certain customers, which generally equates to an amount comprising both return on investment and return of investment for those assets funded by those customers. The terminal value of these customer rebates, at 30 June 2025 have been factored into the cash flows.
- The residual value of assets, which also includes the regulatory allowance for recovery of working capital at 30 June 2025 represents the estimated future cash flows and assumes that throughout the remaining useful life of the assets, there will be alignment with the market view as to both the required rate of return and the costs of operating the assets sufficient to recover the residual value and therefore a multiplier of 1 has been used to reflect this. It is also assumed that any form of future regulation will ensure an owner of these assets will receive a sufficient return on equity after repayment of debt.
- Revaluation increments are credited to the asset revaluation surplus except to the extent that they reverse a revaluation decrement previously recognised in the Statement of Profit and Loss and Other Comprehensive Income. Revaluation decrements are recognised in profit and loss, except to the extent they offset a previous revaluation. In this case the decrement is recorded in the asset revaluation surplus. The net amounts of accumulated depreciation are restated to the revalued amounts.
- During the 2020 – 2025 pricing monitoring review the QCA recommended aligning the five-year regulatory period and the pricing calculation period, formerly a 20 year period. The QCA recognised that the alignment of both periods will prevent the growth in the under-recovery of revenue. The QCA also recommended that GAWB commence the recovery of revenue related to the dam wall infrastructure, a sum of \$23.1 million, over the life of the asset. GAWB is forecast to commence the recovery of the remaining \$73.02 million, the sum of the nominal dollars over the period, from 2023. The value of the under recovery yet to be recovered at 30 June 2025 is \$62.56 million.
- Any unrealised capital gains from upwards revaluation of non-current assets are excluded from profit when determining the dividend payable for a financial year in accordance with section 660 of the *Water Act 2000*.
- The fair value measurement for land, buildings & improvements and infrastructure assets of \$661.11 million (2020: \$698.33 million) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. The sensitivity of these fair values to changes in unobservable inputs is assessed as being low, as GAWB's pricing principles and comprehensive valuation are reflective of the QCA's 2020 pricing investigation outcomes.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

(c) Valuations (cont.)

There were no changes between levels during the year:

Categorisation of fair values	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
2020				
Land, buildings & improvements	–	–	54,787	54,787
Infrastructure assets	–	–	643,541	643,541
Carrying amount at 30 June 2020	–	–	698,328	698,328
2021				
Land, buildings & improvements	–	–	51,973	51,973
Infrastructure assets	–	–	609,137	609,137
Carrying amount at 30 June 2021	–	–	661,110	661,110

11. Intangible assets

(i) Recognition and measurement

Research and development

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

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

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

Software

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

Land reservations and easements

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

(ii) Subsequent expenditure

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

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

11. Intangible assets (cont.)

(iii) Amortisation and impairment

Capitalised development expenditure has currently been determined to have remaining expected useful lives of 1 to 9 years. The intangible asset is amortised on a straight-line basis once it is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Intangible assets include costs associated with the development of GAWB's Water Security Strategy (WSS) incorporating the Gladstone to Fitzroy Pipeline Project. The objective of the strategy is to develop and retain the capability to efficiently respond to reasonably foreseeable risks to the adequacy of current water supplies, either through drought or demand. GAWB received the required environmental approvals for the Gladstone-Fitzroy Pipeline in 2012. On this basis, GAWB commenced recognising amortisation of this intangible asset as the asset is capable of operating in the manner intended by management. Preparation of the Gladstone to Fitzroy Pipeline Project business case continued during 2021. On this basis, this asset is considered not yet capable of operating in the manner intended by management and therefore continues to not be amortised. Software includes an ERP system with a written down value of \$0.77M (2020: \$1.21M) and minor business software assets.

Software

At cost

Accumulated amortisation

Total software

Land reservations

At cost

Easements

At cost

CSS development costs

At cost

Accumulated amortisation

Total WSS development costs

Assets under construction

At cost

Total intangible assets

	2021	2020
	\$'000	\$'000
	5,545	5,497
	(4,459)	(3,887)
	1,086	1,610
	29	29
	631	631
	23,246	23,246
	(23,246)	(23,025)
	–	221
	2,422	1,416
	4,168	3,907

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

11. Intangible assets (cont.)

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

	Software	Land reservations	Easements	CSS development costs	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2019	1,839	64	631	2,543	2,696	7,773
Additions	–	–	–	–	931	931
Transfer to/(from) assets under construction	276	(35)	–	–	(241)	–
Transfer to property, plant and equipment	–	–	–	–	(1,970)	(1,970)
Amortisation	(505)	–	–	(2,322)	–	(2,827)
Balance at 30 June 2020	1,610	29	631	221	1,416	3,907
Balance at 1 July 2020	1,610	29	631	221	1,416	3,907
Additions	–	–	–	–	1,005	1,005
Transfer to/(from) assets under construction	47	–	–	–	(47)	–
Transfer from property, plant and equipment	–	–	–	–	48	48
Amortisation	(571)	–	–	(221)	–	(792)
Balance at 30 June 2021	1,086	29	631	–	2,422	4,168

12. Trade and other payables

	2021	2020
	\$'000	\$'000
Current		
Trade creditors	2,520	1,373
Security deposits	37	33
Accruals	2,940	4,256
Revenue received in advance	121	114
Total current trade and other payables	5,618	5,776
Non-current		
Revenue received in advance	514	627
Total non-current trade and other payables	514	627

Trade creditors and accruals represent liabilities for goods and services provided to GAWB prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within the terms agreed with the supplier. Revenue received in advance primarily relates to grant revenue (refer Note 4a). Due to the short-term nature of trade and other payables, their carrying value is assumed to approximate to their fair value. For more information on GAWB's credit risk management process refer to Note 15(b).

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

13. Loans and borrowings – non-current

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

Queensland Treasury Corporation loans

2021	2020
\$'000	\$'000
249,268	250,378

Fair Values

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

Carrying value

Fair value

2021	2020
\$'000	\$'000
249,268	250,378
250,043	250,280

14. Provisions

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

Employee benefits

(i) Short-term benefits

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

(ii) Other long-term employee benefits

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

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

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

14. Provisions (cont.)

(iii) Superannuation contributions

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

Employee benefits comprise of long service leave, annual leave, purchased leave, toil leave and rostered day off provisions. These provisions are categorised as either current or non-current. Provisions are presented as current in the Statement of Financial Position if GAWB does not have an unconditional right to defer settlement for at least twelve months after the reporting date regardless of whether the actual settlement is expected to occur. The benefit provision is calculated through application of a discount calculation to derive the present value of the future payment. GAWB utilises the Millman Group of 100 Discount Rate for this purpose. GAWB expects to settle \$0.73M of annual leave and \$0.05M of long service leave in the next 12 months.

Dividends

A provision for dividends is recognised at the reporting date where the dividends have been declared, determined or recommended by the Directors prior to the reporting date. A corresponding amount is recognised directly in equity. Dividends provided calculations are based on 80% of net profit after an adjustment for revaluation increments/decrements and shareholding Minister approval to retain the proceeds from a specified land sale arrangement. The effective comparable percentages are 2021 at 80% and 2020 at 80%. All dividends are unfranked. Dividends are declared after reporting date but before the financial statements are authorised for issue.

Current

Dividend
Long service leave
Annual and other leave
Total current provisions

Non-current

Long service leave
Restoration
Total non-current provisions

2021	2020
\$'000	\$'000
10,080	963
464	486
1,196	1,323
11,740	2,772

458	511
125	125
583	636

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

14. Provisions (cont.)

Provision movements

	Dividend	Dividend	Long service leave	Long service leave	Annual and other leave	Annual and other leave	Restoration	Restoration
	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current provision	10,080	963	464	486	1,196	1,323	–	–
Non-current provision	–	–	458	511	–	–	125	125
Closing balance at 30 June	10,080	963	922	997	1,196	1,323	125	125
Opening balance of provision at 1 July	963	2,116	997	916	1,323	1,096	125	125
Payment of provisions	(963)	(2,116)	(40)	(55)	(1,261)	(632)	–	–
Movement in provision calculation	10,080	963	(35)	136	1,134	859	–	–
Closing balance at 30 June	10,080	963	922	997	1,196	1,323	125	125

15. Financial risk management

(a) General objectives, policies and processes

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

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

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

(b) Credit risk

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

(c) Liquidity risk

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

Funding arrangements are in place with Queensland Treasury Corporation which will allow sufficient funding to cover planned requirements within GAWB's corporate planning period. New borrowings are subject to an approved loan program with the sanction of the Treasurer of Queensland. GAWB has access to a \$10,000,000 (2020: \$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, \$249.27 million is fully drawn and has a maturity of 20 years (2020: \$250.38 million).

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

15. Financial risk management (cont.)

(c) Liquidity risk (cont.)

Maturity analysis	Fixed interest maturing in:			Floating interest rate	Non interest bearing	Total
	1 year or less	1 to 5 years	Over 5 years			
	\$'000	\$'000	\$'000			
2020						
Financial liabilities						
Trade and other payables	–	–	–	–	5,662	5,662
Interest-bearing liabilities	33,465	20,588	207,164	–	–	261,217
Lease liabilities	412	690	223	–	–	1,325
Dividend provision	–	–	–	–	963	963
Total	33,877	21,278	207,387	–	6,625	269,167
2021						
Financial liabilities						
Trade and other payables	–	–	–	–	5,497	5,497
Interest-bearing liabilities	2,475	50,977	207,164	–	–	260,616
Lease liabilities	380	628	76	–	–	1,084
Dividend provision	–	–	–	–	10,080	10,080
Total	2,855	51,605	207,240	–	15,577	277,277

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 (2020: \$10,000,000) of unused credit facilities available for use.

(d) Interest rate risk

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

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

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

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

15. Financial risk management (cont.)

(d) Interest rate risk (cont.)

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

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

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

	Carrying amount \$'000	Interest rate risk			
		-100 bpts		+100 bpts	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2020					
Cash at bank	3,510	–	–	–	–
Deposits at Queensland Treasury Corporation, at call	26,424	(264)	(264)	264	264
2021					
Cash at bank	2,686	–	–	–	–
Deposits at Queensland Treasury Corporation, at call	49,847	(498)	(498)	498	498

(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 2021 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 2021

16. Commitments and contingencies

Capital and other commitments

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

Amounts to be expensed:

Not later than one year

Later than one year, but not later than five years

More than five years

2021	2020
\$'000	\$'000
11,207	3,986
–	–
–	–
11,207	3,986

Contingent assets and liabilities

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

17. Auditors' remuneration

Audit services

Queensland Audit Office

Audit and review of financial reports

2021	2020
\$'000	\$'000
92	92

For the 30 June 2021 audit, the amount quoted for the audit fee was \$0.09 million (2020: \$0.09 million). There are no non-audit services included in these amounts.

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

Shareholding Ministers

GAWB's responsible Minister is identified as part of GAWB's KMP, and this is the Minister Regional Development and Manufacturing and Minister for Water. Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. GAWB does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements for 2021, 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 (ceased 22 August 2019).

Specified Executives

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

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

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

- Short term employee benefits, consisting of:
 - Salary, allowances and leave entitlements, expected to be used within 12 months, paid and provided to KMP during the year while they were a KMP, that were recognised as expenses in the Statement of Comprehensive Income;
 - Performance payments for the achievement of balanced organisational performance outcomes (meeting water needs, commercial results, corporate responsibility and capability), with bonuses capped at 15% of KMP remuneration recognised as an expense during the year; and
 - Non-monetary benefits in the form of salary packaging, including the provision of a motor vehicle (including the associated fringe benefits tax), less any business use cost.
 - Long term employee benefits, consisting of long service leave accrued.
 - 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 2021 had not yet been determined by the Board. Therefore, any performance payment approved by the Board will be reported as an expense within the 2022 financial year.

Director compensation included the following:

Directors	Appointment/ (Cessation) Date	Short term benefits Directors' fees	Post-employment benefits Superannuation	Total remuneration
		\$'000	\$'000	\$'000
Mrs Maxine Brushe (Chair)	22 August 2019			
2021		61	6	67
2020		47	4	51
Mrs Aurelia Noran	22 August 2019			
2021		35	3	38
2020		24	2	26
Professor Poh-Ling Tan	22 August 2019			
2021		33	3	36
2020		24	2	26
Mr Peter Masters	29 June 2021			
2021		–	–	–
2020		–	–	–
Mr Denis Cook (Chair)	(22 August 2019)			
2021		–	–	–
2020		9	1	10
Mr John Orange	(22 August 2019)			
2021		–	–	–
2020		5	–	5
Cr Poya (PJ) Sobhanian	(15 September 2019)			
2021		–	–	–
2020		–	–	–
Total Remuneration				
2021		129	12	141
2020		109	9	118

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

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

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

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

Key executive management personnel compensation

Position	Contract expiry date / (termination date)	Short term employee benefits	Other long-term benefits	Post-employment benefits	Total remuneration
		\$'000	\$'000	\$'000	\$'000
Mr D Barlow (CEO)	19 March 2023				
2021		453	7	22	482
2020		450	4	21	475
Mr H Barbour (CFO to 30 May 2021, COO GFP Project from 31 May 2021)	Tenure				
2021		276	8	21	305
2020		274	7	20	301
Mrs R Bates (Chief Governance Officer)	Tenure				
2021		219	4	18	241
2020		210	3	18	231
Mr S Naidoo (General Manager Network)	7 July 2023				
2021		211	–	19	230
2020		–	–	–	–
Ms C Byers (General Manager People and Culture)	Tenure				
2021		213	3	18	234
2020		38	–	4	42
Mr G Clarke (General Manager Capital Planning and Delivery)	12 August 2022				
2021		177	2	17	196
2020		36	1	4	41
Mrs A Moody (CFO from 31 May 2021)	Tenure				
2021		23	1	2	26
2020		–	–	–	–
Mr M Browne (Chief Operating Officer)	(24 February 2020)				
2021		–	–	–	–
2020		202	–	17	219
Total Remuneration					
2021		1,572	25	117	1,714
2020		1,210	15	84	1,309

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

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

Key executive management personnel performance bonuses

A performance bonus was paid on 14 November 2020 to the CEO, CFO and Chief Governance Officer. In the prior year, a performance bonus was paid on 13 December 2019 to the CEO, CFO and Chief Governance Officer. Performance bonuses are recognised as an expense during the year they are paid.

	2021	2020
	Number	Number
\$50,000 to \$59,999	–	–
\$40,000 to \$49,999	1	1
\$30,000 to \$39,999	–	1
\$20,000 to \$29,999	2	1
\$10,000 to \$19,999	–	–
\$0 to \$9,999	–	–
Total	3	3

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 for 2020. No disclosures are made for 2021 as GRC was not a related entity during that year.

GAWB entered into 15 transactions for the supply of goods and services to director related entities in 2020 and 59 transactions for the purchase of goods and services in 2020. The aggregate amounts recognised in profit or loss during the year relating to directors and director related entities, other than directors' remuneration, comprise:

	2020
	\$'000
Revenue	
Water revenue	18,214
Other income	10
Total revenue	18,224
Expenditure	
Other expenses	449

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

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

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

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

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

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

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

Transactions with Government-related entities

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

Revenue

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

Total revenue

	2021	2020
	\$'000	\$'000
	2,618	2,478
	1,037	930
	262	315
	3,917	3,723

Expenditure

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

Total expenses

	2,618	7,618
	5,834	8,632
	331	319
	1,096	1,206
	1,097	–
	365	75
	11,341	17,850

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

Receivables

CS Energy
Gladstone Ports Corporation
Advance facility held with QTC

Total payables

	2021	2020
	\$'000	\$'000
	199	212
	193	70
	49,847	26,424
	50,239	26,706

Payables

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

Total payables

	249,268	250,378
	181	570
	76	150
	249,525	251,098

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2021

19. Climate risk

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

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

20. Events after reporting period

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

Management certification of the financial statements

These general purpose financial statements have been prepared pursuant to section 62(1) of the Financial Accountability Act 2009 (the Act), section 39 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Gladstone Area Water Board for the financial year ended 30 June 2021 and of the financial position of the Gladstone Area Water Board at the end of that year; and
- (c) we acknowledge responsibility under section 7 and section 11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



M. Brushe
Chair



D. Barlow
Chief Executive Officer



H. Barbour
Chief Financial Officer

Gladstone Area Water Board
19 August 2021

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 2021, and its financial performance and cash flows for the year then ended
- b) complies with *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2021, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

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

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

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

Responsibilities of the entity for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report (cont.)

TO THE BOARD OF GLADSTONE AREA WATER BOARD

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the entity's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

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

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.

26 August 2021



Bhavik Deoji
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

APPENDIX 1

Government body summary

Name of Government body: Gladstone Area Water Board					
Act or instrument	<i>Water Act 2000 (Qld)</i> – section 1084.				
Functions	Principally the ownership, management, operation and maintenance of dams, treatment plants, pipelines and other bulk water distribution infrastructure, hatchery and dam recreational areas and any other occupation incidental thereto.				
Achievements	Refer to Message from the Chair & CEO (pages 7 - 8).				
Financial reporting	Financial results are presented in the financial statements. GAWB is not exempt from a financial statement audit by the Auditor-General.				
Remuneration as at 30 June 2021					
Position	Name	Meetings/sessions attendance	Approved annual, sessional or daily fee	Approved sub-committee fees if applicable	Actual fees received ¹
Chair	Maxine Brushe	Board: 13 Audit and Risk Committee: 5	\$55,000	\$3,000	\$66,036.64
Director	Poh-Ling Tan	Board: 12 Audit and Risk Committee: 5	\$27,500	\$3,000	\$35,924.21
Director	Aurelia Noran	Board: 13 Audit and Risk Committee: 5	\$27,500	\$4,000	\$37,861.75
Director	Peter Masters	Board: 0 Audit and Risk Committee: 0	\$27,500	\$0	\$0 ³
No. scheduled meetings/sessions	Board: 13 ² Audit and Risk Committee: 5				
Total out of pocket expenses	\$5,140				

1 Actual fees received include approved fees plus superannuation of 9.5%. Actual fees also include payment of approved sub-committee fees attributable to the 2019-20 period.

2 There were 9 ordinary board meetings and 4 special board meetings.

3 Director Masters was appointed on 29 June 2021 and did not receive payment of any fees during the 2020-21 period.

APPENDIX 2

Compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of Compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister/s 	ARRs – Section 7	Page 3
Accessibility	<ul style="list-style-type: none"> Table of contents Glossary 	ARRs – section 9.1	Page 4 Page 69
	<ul style="list-style-type: none"> Public availability 	ARRs – section 9.2	Page 2
	<ul style="list-style-type: none"> Interpreter service statement 	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	Page 2
	<ul style="list-style-type: none"> Copyright notice 	<i>Copyright Act 1968</i> ARRs – section 9.4	Page 2
	<ul style="list-style-type: none"> Information Licensing 	<i>QGEA – Information Licensing</i> ARRs – section 9.5	Page 2
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs – section 10.1	Page 5, 12
Non-financial performance	<ul style="list-style-type: none"> Government's objectives for the community and whole-of-government plans/ specific initiatives 	ARRs – section 11.1	Page 6
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 11.2	Page 6, 9-11
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs – section 11.3	Page 13-20
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 12.1	Page 9, 29
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 13.1	Page 21
	<ul style="list-style-type: none"> Executive management 	ARRs – section 13.2	Page 22
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs – section 13.3	Page 66
	<ul style="list-style-type: none"> Public Sector Ethics 	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	Page 28
	<ul style="list-style-type: none"> Human Rights 	<i>Human Rights Act 2019</i> ARRs – section 13.5	Page 28

Summary of requirement		Basis for requirement	Annual report reference
Governance – risk management and accountability	• Risk management	ARRs – section 14.1	Page 26
	• Audit committee	ARRs – section 14.2	Page 27
	• Internal audit	ARRs – section 14.3	Page 27
	• External scrutiny	ARRs – section 14.4	Page 27
	• Information systems and record keeping	ARRs – section 14.5	Page 28
Governance – human resources	• Strategic workforce planning and performance	ARRs – section 15.1	Page 18
	• Early retirement, redundancy and retrenchment	Directive No.04/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	Page 18
Open Data	• Statement advising publication of information	ARRs – section 16	Page 28
	• Consultancies	ARRs – section 33.1	https://data.qld.gov.au
	• Overseas travel	ARRs – section 33.2	https://data.qld.gov.au
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – section 38, 39 and 46 ARRs – section 17.1	Page 63
	• Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	Page 64-65

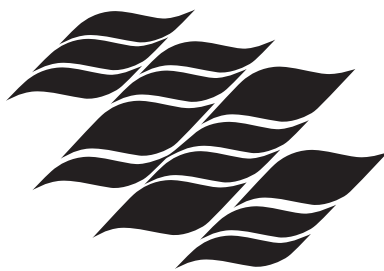
FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2019*

ARRs *Annual report requirement for Queensland Government agencies*

Glossary

Board	GAWB's Board of Directors
BOOT	Better Off Overall Test
CCC	Crime and Corruption Commission
CCF	Community Consultative Forum
CRP	Customer Representative Panel
DRDMW	Regional Development, Manufacturing and Water
DMP	Drought Management Plan
DWQMP	Drinking Water Quality Management Plan
FTE	Full Time Equivalent
GAWB	Gladstone Area Water Board
GFP	Gladstone-Fitzroy Pipeline
HPE	High Performing Employee
ICT	Information and Communication Technologies
KPI	Key Performance Indicator
LCMP	Lifecycle Management Plan
Minister	Minister for Regional Development and Manufacturing and Minister for Water
ML	Megalitres
ML p.a.	Megalitres per annum
PICOW	Person in Control of Worksite
QCA	Queensland Competition Authority
QTC	Queensland Treasury Corporation
Recreational Strategy	Lake Awoonga Recreational Strategy
ROL	Resource Operations Licence
SAP	Safety Action Plan
Water Act	<i>Water Act 2000 (Qld)</i>
WSS	Water Security Strategy
PICOW	Person in Control of Worksite



**Gladstone Area
Water Board**

www.gawb.qld.gov.au

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