

2018 ANNUAL REPORT



**Gladstone Area
Water Board**





ABOUT THIS REPORT

This annual report reflects on Gladstone Area Water Board (GAWB)'s achievements, financial and non-financial performance and the extent to which we have met or exceeded our Performance Measures for the year ended 30 June 2018.


It aims to provide information to the Minister for Natural Resources, Mines and Energy (Minister), Queensland Parliament, other stakeholders and customers about our activities. These activities are designed to ensure the long and short-term water needs of our current and future customers are met in ways that are environmentally, socially and commercially sustainable.

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

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

An electronic copy of the annual report is available on our website: www.gawb.qld.gov.au/publications. A printed copy of this report can be obtained from the Corporate Secretary by request on the contact details listed below.

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

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

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31 August 2018

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

Dear Minister

I am pleased to present the Annual Report 2018 and financial statements of Gladstone Area Water Board.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements can be found at page 68.

Yours sincerely

Denis Cook
Chair

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OVERVIEW FROM THE CHAIR

On behalf of Gladstone Area Water Board (GAWB), I am pleased to present the 2017-18 Annual Report providing an overview of the achievements of our business in pursuit of our vision to be an Excellent Water Business.

During 2017-18 we maintained the reliable supply of treated and untreated water to our customers and undertook a number of key business improvement projects and initiatives to improve operational efficiency and increase the reliability and resiliency of our water network. These projects included:

- Substantially completing the construction of the Offline Water Storage Facility which will provide a nominal 14 days of water storage independent of Awoonga Dam
- Advancing planning for the operations of that facility
- Continuation of the automation project to enable unmanned operation of the Gladstone Water Treatment Plant
- Relocation of staff from multiple locations in Gladstone to a single office
- Ongoing enhancement of our Information and Communication Technologies (ICT) system, including the introduction of a customer relationship management system and improvements with the functionality of our Enterprise Resource Planning (ERP) system.

Whilst a large part of Queensland is experiencing the effects of drought, the capacity of Lake Awoonga was close to or above capacity throughout the year. The impact of climate change and the likelihood of more extreme weather conditions in future, however, means we must maintain our focus on aligning our water supply and management capability to meet the needs of both our current and future customers. GAWB has a Contingent Supply Strategy (CSS) which provides a strategic approach to respond to either emerging significant demand increases or supply shortages due to a low period of inflows to Lake Awoonga. To ensure this strategy remains capable of implementation within tight timeframes, a review of the CSS has commenced and should be completed during 2018-19.



The Lower Fitzroy River Infrastructure Project (Rookwood Weir) is a possible raw water source under the CSS. GAWB, in conjunction with SunWater Ltd (SunWater), assisted Building Queensland with the development of a detailed business case during the year and commenced preparatory works. In June 2018, we received advice from our responsible Minister that SunWater was to be the sole proponent to construct and operate Rookwood Weir. Upon receipt of that advice we have worked collaboratively with SunWater to facilitate a smooth handover of the Project.

The Queensland Competition Authority conducted a Price Monitoring Investigation of our prices for the period 1 July 2015 to 30 June 2020. During the year we commenced preparations for the development of our regulatory submission for the next pricing period, 1 July 2020 to 30 June 2025.

Throughout the year we continued to build enduring and mutually beneficial relationships with our customers, stakeholders and the local community through the deliberative customer engagement program. Whilst effective stakeholder engagement is a critical component of the framework for developing our submission for the 2020 regulatory review, the structure that we are putting in place throughout 2018-19 will provide the basis for ongoing interaction with our customers and other stakeholders.

GAWB values the safety of our staff, contractors and visitors. As at 30 June 2018 we were 2,177 days Lost Time Injury (LTI) Free. I thank all our staff and contractors for their individual contributions to this achievement. However, as an organisation, we do not intend to relax our focus on safety and we will be undertaking a review of our safety management system to further improve safety readiness during 2018-19.

Despite unanticipated operating expenditure in several areas which impacted upon our budget, overall, we achieved a positive net financial result and recommended a total dividend of \$6.95M be paid to the Queensland Government. GAWB also undertook significant capital works that supported local Gladstone businesses and the community.

The Board and Management would like to thank the Minister and Departmental staff for their support this year and look forward to working with them in achieving our goals over the next 12 months.

None of this would be possible without the dedication and professionalism of the people who work for GAWB, and on behalf of the Board I thank them for another strong performance in the past year. With them I look forward to another year of development and growth under the guidance of our new CEO, Darren Barlow.

In conclusion, I also want to acknowledge and thank Jim Grayson for his 12 years of service to the Board as CEO. Under Jim's leadership, the organisation grew markedly in capability and professionalism, and made real progress towards becoming an Excellent Water Business.

Denis Cook
Chair



ABOUT US

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

GAWB owns and operates Awoonga Dam on the Boyne River, along with a network of delivery pipelines, water treatment plants and other bulk water distribution infrastructure. Appendix 1 provides a map of our infrastructure network.

GAWB has a water allocation of 78,000 mega litres per annum (ML p.a.) from Awoonga Dam, granted under the Water Act. GAWB also has a reserved entitlement of up to 30,000ML p.a. of high reliability water from the Lower Fitzroy River under the *Fitzroy Basin Resource Operations Plan 2014*.

As a bulk water supplier in an industrial region, GAWB's customer base is relatively small. We supply both treated and raw water to industrial customers and the Gladstone Regional Council (GRC). The composition of our customer base means that we can engage directly with customers and keep them informed on matters relating to water supply, volume, quality and price.

Engagement with our customers and the community is of paramount importance to us, to ensure that we continue to be a successful water authority and effectively respond to the needs of our stakeholders.

SNAPSHOT OF GAWB'S ASSETS



1 DAM
LOCATED AT
AWOONGA



2 WATER
TREATMENT
PLANTS



8 WATER
PUMPING
STATIONS



10 WATER
RESERVOIRS



225 KILOMETRES
OF WATER
PIPELINES



1 MARINE
FISH
HATCHERY



VISION

To be an excellent water business.

MISSION

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

VALUES

Our values underpin GAWB’s vision to be an excellent water business, shape our culture and are a fundamental component of our organisation.

INTEGRITY – DOING THE RIGHT THING AT ALL TIMES, SUPPORTED BY:

PROFESSIONALISM – striving for excellence in everything we do

ACCOUNTABILITY – owning the issue and delivering the solution

COMMUNICATION – clear, concise and timely delivery of the right message

POSITIVITY – generating enthusiasm and energy through positive exchanges with others

TRUST – first granted, later earned and vigilantly protected



BUSINESS GOALS

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

GAWB’s business goals are:

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

COMMERCIAL RESULTS – to ensure GAWB’s profitability and build the value of the business.

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

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

2017-18 HIGHLIGHTS



MEETING WATER NEEDS

MAINTAINED CONTINUITY

of bulk water supply to our customers
(refer page 15)

ENSURED ALL TREATED WATER

was supplied in compliance with the Australian
Drinking Water Guidelines (refer page 16)

CONTINUED CONSTRUCTION

of the Offline Water Storage Facility within the
approved budget (refer page 17)

IMPROVED OUR RELATIONSHIP

with customers through the Deliberative Customer
Engagement Program (refer page 20)



COMMERCIAL RESULTS

ACHIEVED A NET PROFIT

after tax of \$8.68 million, \$5.48 million above
budget (refer page 22)

PROPOSED A TOTAL DIVIDEND

of \$6.95 million, comprising an ordinary
dividend of \$2.35 million and a special dividend
of \$4.60 million, \$4.38 million above budget
(refer page 22)

Gladstone Area Water Board continues to deliver on our vision to be an excellent water business.

Our vision is underpinned by our goals to effectively deliver:

- » the water requirements of current and future customers
- » commercial results that build the value of the business
- » improvements to the liveability of the Gladstone region
- » sustainable outcomes by managing resources and risk, maintaining systems and sharing knowledge.



CORPORATE RESPONSIBILITY

STRENGTHENED OUR RELATIONSHIPS

with local community groups through the Community Consultative Forum (refer page 20)

PURCHASED A HYDRATION STATION

for use by the public at community and sporting events (refer page 20)

RELEASED A TRACK MY FISH APP

for use by anglers to record data from their fish catch which in turn will provide GAWB with valuable information about our re-stocking program (refer page 21)

COMMENCED PREPARATION OF A 10-YEAR LAKE AWOONGA RECREATIONAL STRATEGY

(Recreational Strategy) to enhance utilisation of our assets in a way that more effectively contributes to the liveability of our region (refer page 20)



CAPABILITY

COMPLETED REFURBISHMENT

of the commercial premises purchased in May 2017 and relocated staff from multiple locations in Gladstone to a single office (refer page 17)

IMPLEMENTED A CUSTOMER RELATIONSHIP MANAGEMENT SYSTEM

to provide a central repository for customer information and improve the quality of our interactions with customers (refer page 20)

KEY PERFORMANCE MEASURES

		YEAR ENDED 30 JUNE		
		2018 Target	2018 Actual	2017 Actual
MEETING WATER NEEDS				
Water demand				
Supplied volume under legally enforceable contract or under accepted terms of supply	%	>95	✓ 100	100
Water supply				
<i>Security</i>				
Maintaining preparedness for augmentation ¹	%	100	✗ <100	100
<i>Quality</i>				
Potable water – fitness to drink	%	100	✓ 100	100
<i>Cost/efficiency</i>				
CAPEX program spend on significant projects completed within +10/-20% of approved budget ²				
• Cost	%	>80	NA	100
• Time	%	>80	NA	100
COMMERCIAL RESULTS				
Profitability & value				
Earnings Before Interest & Tax	\$M	14.99	✓ 22.22	18.79
Return on Assets	%	2.08	✓ 2.98	2.66
Operating expenditure vs budget ³	%	≤100	✗ 113	100
CORPORATE RESPONSIBILITY				
Safety				
Lost time injuries	No.	<2	✓ Nil	Nil
Environmental				
Compliance with environmental legislation and standards/ breach notices received	No.	Nil	✓ Nil	Nil
CAPABILITY				
Percentage of Key Performance Measures achieved	%	100	60	100

1 In February 2018 GAWB was advised by the Coordinator-General that the approval for the Environmental Impact Statement (EIS) for the Gladstone Fitzroy Pipeline would not be extended. The Gladstone Fitzroy Pipeline is an integral part of GAWB's Contingent Supply Strategy (CSS). A review is currently being undertaken to understand how the CSS can be modified to accommodate the new legislative arrangements applicable to the EIS.

2 This KPM was not measurable during the reporting period as GAWB did not complete any 'significant' projects during the period. GAWB is currently undertaking a number of multi-year projects which are scheduled for completion in 2018–19 and 2019–20.

3 Operating expenditure exceeded the target as a result of higher costs incurred for maintenance, information systems, professional services and minor assets.

FINANCIAL POSITION AS AT 30 JUNE 2018

	2018 BUDGET \$M	2018 ACTUAL \$M	2017 ACTUAL \$M
PROFIT AND DIVIDEND			
Water sales revenue	58.05	59.42	58.27
Total revenue	60.02	71.02	59.69
Earnings before interest and tax	14.99	22.22	18.79
Profit/(loss) after tax	3.20	8.68	6.87
Dividends declared	2.56	6.95	5.50
CASH FLOW			
Net cash from operating activities	23.92	29.23	23.12
BALANCE SHEET			
Total assets	741.46	768.46	721.75
Total equity	373.83	396.92	381.81
Total borrowings	273.14	273.08	242.91



OPERATING ENVIRONMENT

GAWB's right to supply water to customers from our water allocation is granted under the Water Act, in accordance with the Water Resource (Boyne River Basin) Plan 2013 and the Awoonga Water Supply Scheme Resource Operating Licence (ROL). We are required to comply with the operating and supply conditions associated with the ROL and report regularly to the Department of Natural Resources, Mines and Energy (Department) in relation to our compliance activities.

GAWB also holds an Environmentally Relevant Activities (ERA) Licence which is issued under the *Environmental Protection Act 1994* (Qld). The ERA Licence imposes conditions on our operations at the following sites:

- Gladstone Water Treatment Plant
- Yarwun Water Treatment Plant
- Fish Hatchery
- Lake Awoonga Sewerage Treatment Plant.

A large proportion of water (both raw and treated) supplied by GAWB is to industrial customers. In 2017–18 we supplied a total of approximately 35,000 ML, of which nearly 80% was to our industrial customers. The balance of water supplied by GAWB is to the Gladstone Regional Council (GRC) which is then on-sold by GRC to industrial, small business and residential users and distributed via its own reticulation network. Ensuring we are able to provide a reliable water supply efficiently and economically to meet the requirements of existing customers and planning for future demand is a critical aspect of our operations as a bulk water supplier. We also place high importance on ensuring Gladstone residents have access to high quality, treated water.

Long term planning is vital to ensure GAWB has the capability to meet future economic growth in the region.

GAWB's Strategic Water Plan (SWP) is the foundation of our water planning function. It addresses the important inter-related service issues of demand, security, reliability and price. In 2018–19 GAWB will undertake a review of the SWP to ensure it continues to meet our needs in providing an overarching strategic objective in alignment with the needs of our customers.

Complementing the SWP is our Contingent Supply Strategy (CSS). The CSS contains GAWB's strategy for efficiently responding to demand triggers (ie: increased supply requirements arising from additional industrial customers or a supply shortage due to a prolonged period of low inflows into Awoonga Dam). The CSS was developed to address strategic challenges in our operating context which is characterised by a single water source, within a small catchment which is subject to highly variable inflows. The application of the CSS requires GAWB to undertake preparatory works for the preferred augmentation option so that an additional supply of highly reliable water can be accessed within a two-year construction timeframe. GAWB's preferred augmentation option is the Lower Fitzroy River and as part of the execution of the CSS, we have been undertaking preparatory works for the Gladstone Fitzroy Pipeline and the Lower Fitzroy River Infrastructure Project (the latter in conjunction with Sunwater Ltd). During 2017–18 we commenced a review of the CSS to address changes in environmental legislation since it was drafted and to ensure it remains capable of implementation. This review will be completed during 2018–19.



The effects of climate change and the potential impact upon our ability to supply water to our customers is a material risk. To manage this and other risks, we have a number of strategies and plans in operation, including the CSS and the following:

- Drought Management Plan
- Emergency Management Plan
- Cyclone Management Plan
- Critical Site Plans (encompassing the Awoonga Dam Emergency Action Plan, Drinking Water Quality Emergency Action Plan and Loss of Awoonga Pump Station Plan)
- Security Risk Management Plan
- Business Continuity Plan.

During 2017–18 we commenced revision of the Awoonga Dam Emergency Action Plan in response to amendments to the *Water Supply (Safety & Reliability) Act 2008* (Qld) and related changes to Departmental Guidelines. The revised Emergency Action Plan will be submitted to the Department for approval by August 2018.

GAWB is a monopoly business and we are subject to periodic pricing reviews by the Queensland Competition Authority (QCA). GAWB is preparing its submission to the QCA for the next pricing period (1 July 2020 to 30 June 2025). This is very important to GAWB as it is through this process that GAWB sets its water prices and expenditure forecasts for the next five years. The internal governance framework for the 2020 regulatory review was formally established in June 2018. The framework seeks to encourage collaboration across the business and to improve corporate resilience. It adopts a formalised structure for project oversight and the development of our submission.

Ensuring we are able to provide a reliable water supply efficiently and economically to meet the requirements of existing customers and planning for future demand is a critical aspect of our operations as a bulk water supplier.



View from the top of the clarifier at the Yarwun Water Treatment Plant.

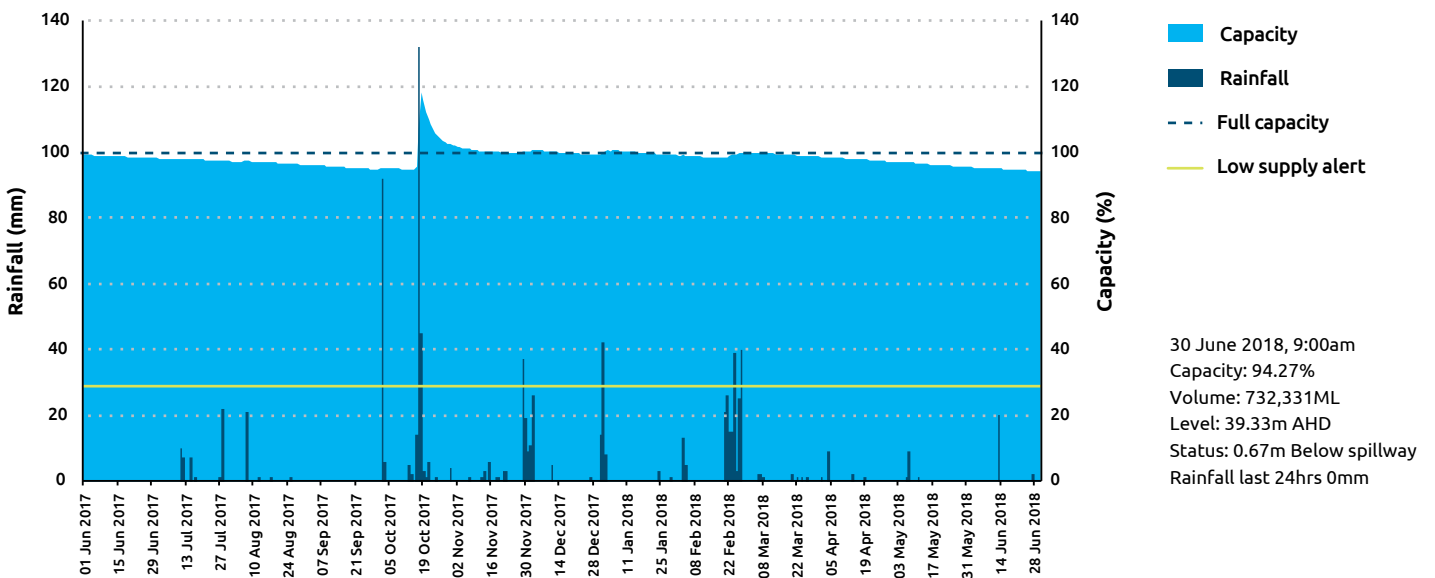
OPERATIONS AND MAINTENANCE

Water availability

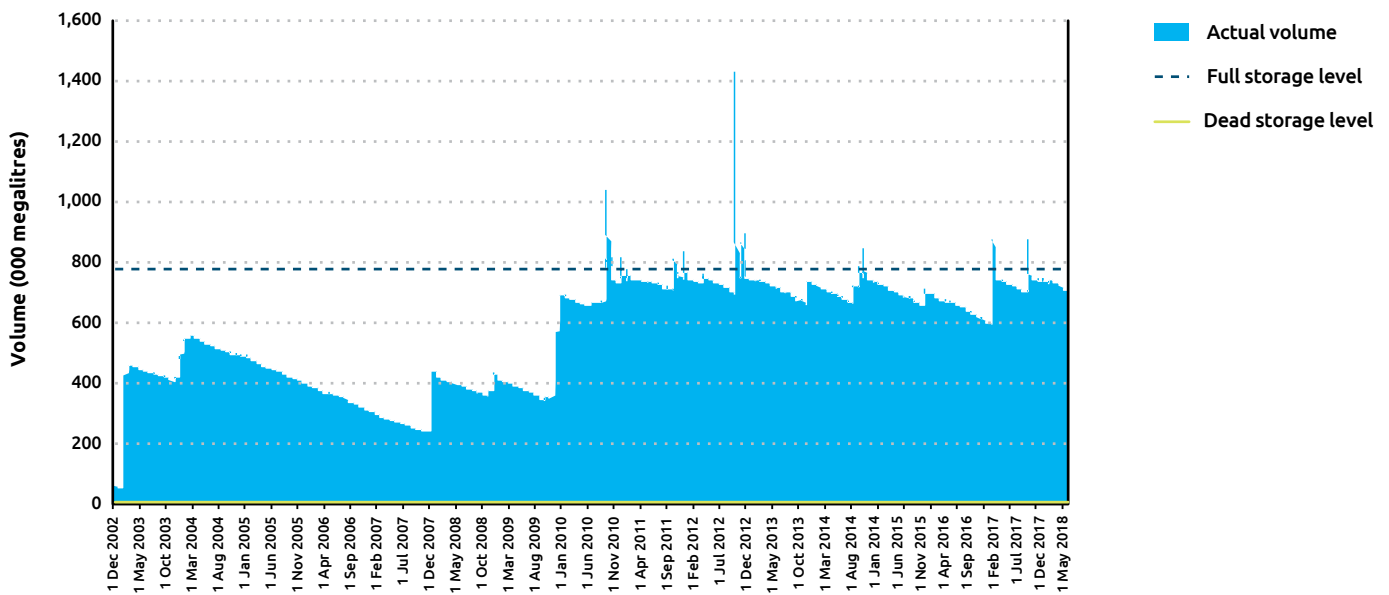
During 2017-18, the Boyne River catchment received 815mm of rain, resulting in inflows of approximately 648,000 ML. The water level at Awoonga Dam remained close to or above 100% capacity during the reporting period. In October 2017, rainfall resulted in the capacity reaching 118%. GAWB's Emergency Action Plan was activated between 17 and 30 October 2017, but apart from some minor road closures there was no impact on the community. As at 30 June 2018 Awoonga Dam was at 94% capacity.

As can be seen in the graph on the opposite page, storage levels have fluctuated considerably since the raising of Awoonga Dam in 2003, in response to climatic conditions. Between 2004 and 2008 water levels remained around the low supply alert level, with the region facing a historic dry period. In late 2010, rainfall resulted in overtopping of the spillway for the first time and it has fluctuated around full capacity since.

Awoonga Dam Water Level and Rainfall Data June 2017 – June 2018



Lake Awoonga Volumes



Water reliability

During 2017–18 GAWB continued construction of its Offline Water Storage Facility. The project involves the construction of a 1,200ML water storage and pumping facility, which will provide a nominal 14 days' supply of raw water, independent of the critical Awoonga Dam infrastructure. The project is on schedule for completion around October 2018.

The Offline Water Storage Facility will increase reliability and security of supply in adverse weather conditions (ie: a severe storm or cyclone) which results in a significant and prolonged power interruption or a change in water quality arising from large inflows.

The project also has the following additional benefits:

- A condition of the project's approval was the upgrade of the road intersection of Gladstone-Benaraby Road and Skyhill Ring Road, adjacent to the construction site. The intersection upgrade has improved safety along Gladstone-Benaraby Road, which is a busy stretch of road.
- It will enable Awoonga Dam pumping system to be taken offline to complete critical inspection and maintenance activities.
- It will provide GAWB with the ability to undertake repairs to Toolooa Reservoir.

Water delivery

During 2017 the interconnection of the treated water networks between the Gladstone and Yarwun systems was completed. This interconnection has enhanced GAWB's resilience in the Northern area of supply and enabled us to perform extended maintenance shutdowns at the Yarwun Water Treatment Plant.

GAWB experienced a higher number of unplanned interruptions to supply in 2017–18 than expected. The majority of the unplanned interruptions to supply were attributable to one pipeline which is in poor condition due to acid sulphate soil conditions. Planning is currently being undertaken by the engineering team in relation to the replacement of the affected section of pipe. With each supply interruption we ensured that customers were consulted in advance and planned the shutdown so as not to interrupt their business operations.



Progress of the construction of the Offline Water Storage Facility as at July 2018

Water quality

We supply raw water from Awoonga Dam to a number of large industrial customers throughout the region. Raw water from Awoonga Dam is generally of a high quality, with low turbidity and colour under most conditions. During 2017–18 our industrial customers were satisfied with the quality of the raw water we supplied throughout the year.

We also supply treated water in bulk to some industrial customers and to GRC, which is responsible for the reticulation to residential consumers in the region. Water is treated to meet the Australian Drinking Water Guidelines at two treatment facilities, located in Gladstone City and the Yarwun industrial area. Drinking water supplied by GAWB throughout 2017–18 was of excellent quality, with no health guideline exceedances or reportable incidents required to be notified to the Regulator. In June 2018, our drinking water was tested for the detection of per- and poly-fluoroalkyl substances (PFAS) following a request from the Department of Health. A negative result was returned to the Department of Health (ie: PFAS was not found in the Lake Awoonga scheme water).

GAWB's approved Drinking Water Quality Management Plan was amended in the third quarter of the reporting period. The amendment included changes to our infrastructure since the previous submission, including the interconnection between our two treated water networks. The drinking water risk assessment was also updated. GAWB's amendment application was approved by the Regulator on 24 May 2018.

Asset management

Asset management is the coordinated activity to realize value from our assets and ensure that repair and replacement strategies optimise our infrastructure and continue to meet our business requirements in a cost-effective way. GAWB's asset management system is ISO certified (ISO 555001:2014). We were the first water service provider in Australia to gain this certification. GAWB passed the surveillance audit undertaken by external auditors during 2017–18, enabling us to maintain our ISO certification.

A major component of the asset management framework, and of the requirements of ISO 55001, is the development and maintenance of Asset Management Plans. In GAWB, these plans are referred to as Lifecycle Maintenance Plans (LCMPs). GAWB's LCMPs were reviewed during 2017–18, as part of an annual review process. LCMPs provide valuable predictions on asset replacement, both on cost and timing. We will be using the data from the LCMPs as part of the development of our regulatory submission to the QCA.

Land management

GAWB owns and manages a portfolio of land providing tenure for Lake Awoonga and GAWB's water supply activities. As at 30 June 2018, GAWB's land holdings totalled approximately 23,850ha, consisting predominantly of inundated and rural land. During 2017–18, work continued on the Lake Awoonga Land Rationalisation Project, including the finalisation of compulsory acquisition of native title and non-native title rights over a number of parcels of State land located within the Boyne Valley.

We also undertook works to prepare two parcels of surplus land for disposal. In its land management activities, GAWB strives to find a balance between environmental, drinking water quality, community and operational interests.

Network planning and renewals

In 2017–18 GAWB completed and commissioned minor delivery network modifications associated with the High Lift Pump Station Switchboard Replacement Project. We undertook planning for new connections for two GRC reservoirs located at Kirkwood and in South Gladstone. From these projects we identified that benefits could be delivered if GAWB and GRC plan and work more collaboratively and this is a focus for us moving forward. We also investigated potential new connections for proposed industrial developments at Fisherman’s Landing and Aldoga.

Network planning has otherwise been concentrated on the renewals program including the replacement of the section of pipeline affected by poor soil conditions (discussed above under Water Delivery) and scheduled minor asset replacements as per the LCMPs.

CAPITAL PROJECTS

Overview of Capital Works Program

Our capital works program expended \$34.76 million during 2017–18 (excluding expenditure associated with Rookwood Weir) across multiple projects associated with meeting our regulatory obligations, asset end-of-life replacement and risk mitigation. We aim to support the region’s economy by appointing local businesses where possible to assist us in the delivery of our capital works program. An overview of our significant capital projects is provided below.

Offline Water Storage Facility

The \$33M Offline Water Storage Facility progressed significantly during 2017-18 with the construction of the earthen embankment and completion of the reinforced concrete spillway and pump station building. Construction of the control room, switch room and substation has commenced. A total of \$22.43 million was expended during the reporting period on the project, which is on schedule and due for practical completion around October 2018.

Lower Fitzroy River Infrastructure Project/ Rookwood Weir

During 2017–18, GAWB undertook preparatory works in partnership with SunWater Ltd (SunWater). These preparatory works related to the commencement of geotechnical investigations, design development for roads, bridges, and intersection upgrades, negotiations associated with land access and acquisitions, works associated to obtain key Tier 2 environmental approvals and works to provide environmental offsets required for construction to commence. GAWB also provided assistance to Building Queensland to complete the Detailed Business Case for Rookwood Weir. In June 2018 we received advice from our responsible Minister that SunWater was to be the sole proponent to construct and operate Rookwood Weir and activities have subsequently been undertaken to hand-over the project to SunWater. The monies expended by GAWB to date on project development are considered recoverable.

Accommodation Project

In May 2017 GAWB purchased a commercial building at 136 Goondoon Street, Gladstone to improve efficiencies with our operations and enable staff that were spread across multiple locations to be relocated to a single, centralised building. During 2017–18, refurbishment activities were undertaken and staff relocated from the Gladstone Water Treatment Plant and the corporate office situated at 147 Goondoon Street, Gladstone. As part of the refurbishment activities undertaken, the Building Energy Efficiency Certification for the building has been improved through the installation of solar panels on the roof and the use of energy efficient LED lighting. It is estimated that the solar system will supply approximately 45 per cent of the building’s average daily energy consumption with a payback period of 4.5 years. During 2018–19 activities will be undertaken to prepare 147 Goondoon Street, Gladstone for sale. The timing of any sale is dependent on market conditions.

Hatchery Relocation Project

GAWB operates a fish hatchery to satisfy its regulatory obligation to stock Awoonga Dam with migratory species of fish natural to the Boyne River System to mitigate the impact of the raising of the Awoonga Dam wall. GAWB is required to relocate from the premises it currently leases and as a consequence, during 2017-18, we investigated a number of potential sites for the construction of a new hatchery facility. We will continue to progress the project during 2018–19. We expect a new facility will be operational by the end of 2020 which will provide us with improved production through more efficient and modern technology and improved biosecurity controls.



GAWB Fish Hatchery and Fishery Manager, Thomas Hayes, with students from the Mt Larcom School agriculture program.

BUSINESS DEVELOPMENT

Pumped Hydroelectricity Generation Project (pumped hydro project)

GAWB commenced investigations into the feasibility of a pumped hydro project at Awoonga Dam during 2017–18. The initial study concluded that the identified site was both constructible and potentially economically viable. Subsequently, GAWB has engaged a consultant to review the project's economic viability and identify potential project proponents. The report is due early in 2018–19.

Network Automation Project

Planning and design activities continued throughout the year. The network automation project comprises of a number of separate but related projects which, once complete, will allow unmanned overnight operation of the Gladstone Water Treatment Plant. Implementation of the various projects will be undertaken during 2018–19.

SAFETY

As at 30 June 2018, GAWB had achieved 2177 Lost Time Injury (LTI) days free. GAWB maintains a safety management system based on AS/NZS 4801 – Occupational Health and Safety Management Systems.

The safety of our employees is paramount and despite the extended LTI free period, we understand the need to maintain vigilance and focus on the issue of safety. During 2017–18 we undertook a range of activities to promote safety in the workplace, including workplace inspections, toolbox talks and pre-start meetings which contributed to a 50 per cent increase in hazard reporting. Our strong focus on safety will continue in 2018–19 with a review of our Safety Management System.

ENVIRONMENT

GAWB is subject to stringent environmental conditions through our Awoonga Dam Supply Scheme Resource Operating Licence (ROL) and Environmentally Relevant Activities (ERA) licence. Throughout 2017–18 we complied with our licence conditions, with no breach notices being received by GAWB or its contractors in respect of any activities.

PEOPLE AND CULTURE

Workforce planning and resourcing

We are an equal opportunity employer and committed to ensuring that recruitment, selection and promotion decisions are based on merit. Where possible, we recruit local candidates to fill vacancies. Our Recruitment and Selection Procedure encapsulates these principles and provides a comprehensive framework for the recruitment of new employees.

We aim to provide a flexible and inclusive workplace with our employees enjoying a variety of employment arrangements including flexible working hours, working from home and part-time hours. The totality of the work environment we offer, including salary, non-salary benefits and other employment conditions fosters the attraction and retention of employees that have the appropriate skillset for their role.

In 2018–19 we will be reviewing our capability framework to ensure our organisation has the required capabilities and resources to effectively deliver on our objectives.

As at 30 June 2018 we employed 98.90 full-time equivalent employees. Our permanent separation rate was 8.99 per cent.



GAWB Staff raise funds for The Kid's Cancer Project as a part of Pirate Day Friday.

Health and wellbeing

Access to a range of health and wellbeing initiatives is offered to employees to enhance their personal health and wellness. These benefits include:

- An Employee Assistance Program
- Annual flu vaccination
- Annual health check
- Annual employee subsidy towards personal health and wellbeing purchases
- Fresh fruit across all work sites.

During 2017–18, 15 per cent more staff utilized the various health and wellbeing initiatives than in 2016–17.

In 2017-18, 41 per cent of staff received a subsidy for health and wellbeing purchases (an increase of 15 per cent from 2016-17) and 31 per cent of staff received the flu vaccination (an increase of 11 per cent from 2016-17).

Key human resources policies

GAWB maintains a comprehensive suite of human resource policies and procedures to provide guidance and direction to guide the decisions and actions of all employee matters in accordance with legal liabilities and regulatory requirements.

During 2017–18, the Human Resource Policy Implementation Project (Phase 2) was undertaken, with improvements made to human resource governance processes and documentation including the induction processes. Further review and development of our human resource processes will continue throughout 2018–19.

Remuneration Framework

Remuneration is determined in accordance with GAWB's Employee Remuneration and Rewards Policy. Mercer methodology and benchmarking is used to determine the work value of positions and the range of Total Employment Cost on a minimum-midpoint-maximum range. The Remuneration Framework utilizes a market positioning of 5 per cent below the general market median for the midpoint of each Grade. A +/- 15 per cent is adopted as the permitted variation from the midpoint within each grade to provide flexibility in terms of positioning employees within a set range, based on experience and ability.



GAWB staff celebrating the milestone of reaching 2000 days LTI free.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

GAWB undertook a number of significant ICT projects during 2017–18 including:

- An upgrade of our intranet
- Completion of a cybersecurity project to strengthen our resilience in the event of a cyber-attack
- An upgrade to our internet connection for our corporate and operating systems
- The implementation of Microsoft Dynamics, a customer relationship management system.

Ongoing enhancements associated with TechnologyOne continued and planning for legislated spectrum changes was completed to allow for implementation in 2018–19. Increasingly IT systems are being offered as a service rather than being obtained through a once off purchase of hardware and software. This is reflected in the accounts with an increase in IT operating expenditure and a corresponding decrease in capital expenditure.

CUSTOMER AND STAKEHOLDER ENGAGEMENT

Maintaining good customer relationships is essential to meeting our customers' needs. We actively engage with our customers on commercial, strategic, planning and operational levels. Over the last year, GAWB has made a concerted effort to improve upon the quality of engagement with our customers. For example, we have minimised the impact of major network maintenance activities on our industrial customers by engaging with them during the planning process and working collaboratively to plan the necessary works around their business requirements. We also relaxed Maximum Daily Quantity (MDQ) limits on occasion to ensure our industrial customers had adequate quantities of water in storage in anticipation of maintenance activities that would disrupt supply.

Deliberative Customer Engagement

GAWB is committed to effective stakeholder engagement and believes it is essential to building trust and delivering successful projects/initiatives that provide mutual value for GAWB, our customers and the community. As part of its deliberative engagement strategy, GAWB established a Community Consultative Forum (CCF), comprising of a cross-section of community groups from the Gladstone region, and a Customer Representative Panel (CRP), consisting of a number of people from our customer base, who together have broad industry experience.

GAWB met with the CCF on several occasions throughout 2017–18 with one of the key tasks of the group being to identify potential ideas on how, through our operations or use of assets, we could improve Gladstone's liveability or enhance the value of our existing assets. A significant proportion of the ideas related to the use of our recreational areas. In light of feedback, GAWB commenced a project to update its Lake Awoonga Recreational Strategy (Recreational Strategy). The Recreational Strategy will be completed over the next financial year and the anticipated cost of any new initiatives identified will be captured in the preparation of the next regulatory review.

GAWB also met with the CRP on several occasions during the reporting period to discuss our commercial and regulatory obligations. A focus for the coming year is the development of a framework that will promote stronger engagement with the community and customers as we draw nearer to the 2020 regulatory review.

Community engagement

During 2017–18 we actively engaged with the Gladstone community at a variety of events including the Boyne Tannum Hook Up, Eco Fest, Multicultural Festival and Career Expo. Attendance at these events provides the general public with the opportunity to learn more about GAWB's operations and our role in the region.

GAWB also conducted project specific engagement activities throughout the year, including information sessions with neighbours of the Offline Water Storage Facility and Rookwood Weir projects.

A number of students from primary, secondary and tertiary institutions toured our facilities in conjunction with their curriculum. These tours incorporated our fish hatchery, water treatment plant and dam wall infrastructure.

GAWB invested in a Hydration Station during 2017–18. The Hydration Station is available free of charge for use at local community and sporting events. It provides chilled water, reducing the need for single use plastic water bottles. The Hydration Station was used at Eco Fest in June 2018, with a positive response being received from attendees.



GAWB's newly acquired Hydration Station provides free chilled drinking water at community events.

Social media

We recognise the benefits of utilising a range of media outlets to communicate with our stakeholders and have increasingly embraced social media as a communication tool. During 2017–18 we used social media (primarily Facebook) to inform the community of a variety of issues and initiatives such as dam levels, the availability of the recreational area, good news stories, promotions and competitions. GAWB's social media following has grown by 34 per cent over the past year and strategies will be put in place during 2018–19 to further increase the reach and effectiveness of this medium.

Collaboration with GRC

GAWB continues to work in collaboration with GRC in the areas of operational planning and water quality optimisation. Substantial work was completed between GAWB and GRC to reconfigure the southern portion of the network for better water balance, resulting in optimised water quality outcomes. GAWB and GRC are currently working towards the finalisation of a framework to improve the level of collaboration between the parties.

RECREATIONAL FACILITIES

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

As detailed on page 20, GAWB is currently updating its Recreational Strategy. The draft Recreational Strategy is expected to be finalised by the end of September 2018. It will be presented to both the CCF and CRP and included for consideration as part of GAWB's 2020 price submission to the QCA.

FISH HATCHERY

GAWB's fish hatchery is the only hatchery with wild caught southern strain barramundi and we are the only impoundment to actively stock mangrove jack and sea mullet. During 2017-18 we stocked Awoonga Dam with 267,542 barramundi fingerlings, with sizes ranging from 65mm to 80mm.

Over the course of the stocking program, GAWB has released a total of 6.2 million fingerlings of various species, including barramundi, mangrove jack and sea mullet, into Awoonga Dam. Since 1996, 5.28 million barramundi fingerlings have been stocked in the dam. We have also released over 532,000 sea mullet and 80,000 mangrove jack.

It has been difficult for GAWB to verify the success of the stocking program and assess the ecological health of the dam. This is an area we are actively working to improve upon and in May 2018 we released a fishing app (Track My Fish Lake Awoonga) which will help us measure the stocking success of our program by providing additional data so we can better understand the fish population. The hatchery relocation project will also include a program for fish monitoring within the dam.



Darren Barlow (GAWB CEO), The Hon Mark Furner (Minister for Agricultural Industry Development and Fisheries) and Cr Poya Sobhanian (GAWB Director), tour the Gladstone Fish Hatchery.

TURTLE TRIAGE

In conjunction with Gladstone Ports Corporation Limited (GPCL), GAWB received funding to establish a marine turtle rehabilitation centre (turtle triage) at our Fish Hatchery. The three-year operation was highly successful and GPCL have recently agreed to continue funding for a further twelve months. Since partnering with GPCL, GAWB has installed additional signage to promote the rehabilitation activities, increase public awareness about the appropriate response to injured marine animals and facilitate positive community engagement during release activities.

During 2017-18 twelve turtles were admitted for care and treatment at the facility, including a 217kg Green Sea Turtle called 'Flinny'. Flinny, the biggest captured and weighed Green Sea Turtle in the Port Curtis Region, was successfully rehabilitated and released. As at 30 June 2018 six turtles remained in care at the turtle triage.



'Flinny' the 217kg Green Sea Turtle successfully rehabilitated.

SPONSORSHIPS AND DONATIONS

Supporting the community through sponsorships and donations is an opportunity for GAWB to improve the liveability of our local region. Key events sponsored during the year included the Boyne Tannum Hook Up, Eco Fest, Martin Hanson Memorial Arts Awards, Water Interest Day and the Gladstone Engineering Alliance Industry Conference. To improve the effectiveness of our Community Sponsorship Program, a framework has been developed and implemented to ensure sponsorship applications are treated equitably, transparently and align with our values and priorities.



FINANCIAL PERFORMANCE

GAWB's net profit after income tax equivalents for 2017–18 is \$8.68M, a \$5.48M favourable variance to budget.

We received a total of \$71.02M in revenue, \$11.00M above budget. The favourable variance is largely attributable to Infrastructure Access Charge Option Agreement termination payments from Queensland Curtis LNG and Arrow Energy of \$1.25M and \$6.95M respectively.

Our operating costs were higher than budget. This is attributable to higher costs in the areas of maintenance, information systems, professional services and minor assets.

GAWB's net assets at 30 June 2018 amounted to \$396.92M, \$23.09M above budget. Additional borrowings of \$30.00M were drawn down in July 2017. GAWB's borrowings as at 30 June 2018 totalled \$273.08M.

We returned a paid dividend of \$5.50M to the Queensland Government and recommended a dividend payable of \$6.95M for 2017–18 (\$4.39M favourable variance to budget), representing an ordinary dividend of \$2.35M and a special dividend of \$4.60M.

A comprehensive breakdown of our income, operating costs and financial position can be found in our Financial Statements (from page 30 to 61).

CORPORATE GOVERNANCE

GAWB recognises that a robust corporate governance framework is essential to its success as an organisation and understands that good corporate governance practices provide confidence to the responsible Minister, State Government, customers, community and other stakeholders.

The Board operates pursuant to a Governance Charter which provides guidance on the framework of rules, relationships, systems and processes by which authority within the organisation is exercised and controlled. The Governance Charter reflects key elements of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition).

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

- Setting our strategic direction and providing oversight to ensure our objectives are achieved
- Monitoring and assessing the performance of the organisation
- Reporting and being accountable to the responsible Minister
- Reviewing the performance and remuneration of executive management
- Reviewing the risk management and internal control framework.

During 2017–18 the Board also undertook an extensive and comprehensive process to recruit a new Chief Executive Officer for the organisation with the assistance of an executive search firm and a specialist consultant.

The Board meets monthly (excluding January), with additional special meetings convened on an as needs basis. In addition to these meetings, the full Board also meets biannually with the executive leadership team and personnel from the capital projects team to discuss matters relating to capital projects and project management.

The Board regularly reviews its performance. A review was facilitated by an external consultant during 2016–17. In line with good corporate governance practice, the 2018–19 annual review will also be facilitated externally, with a focus on the Board's skill set and areas for improvement.

COMPOSITION OF THE BOARD

The Board is comprised of five persons, and in accordance with the Water Act, the Directors are appointed for a term of three years by the Governor in Council, including the Director nominated by the Gladstone Regional Council. As at 30 June 2018, the Board had one vacant office and the term of appointment for three of the directors had expired. In accordance with section 604(2) of the Water Act, Directors continue to hold office on expiry of their term until such time as a successor is appointed.

Denis Cook

PSM, BE (Civil), Dip HE, MEngSci,
GradDipMgt, GAICD

Chair

Denis was appointed a director on 27 June 2014 until 27 June 2017 and Chairperson from 1 January 2015. Denis is also a member of the Audit Committee. He has post-graduate qualifications in engineering and public administration and over 40 years' experience in the planning and delivery of infrastructure in Queensland. Denis worked in the Office of the Coordinator-General from 1982 to 2005 and was commissioned as Deputy Coordinator-General in 1999. He joined Parsons Brinckerhoff Australia in 2006 and retired from the position of Regional Director, Queensland in 2013.



Malcolm Leinster

BTech (MechEng), GradDipAppComp, FIEAust, CPEng, RPEQ, GAICD

Malcolm was appointed to the Board on 4 August 2011 and re-appointed on 27 June 2014 until 27 June 2017. Malcolm is also a member of the Audit Committee. He has over 35 years' experience within the electrical power generation industry as a mechanical engineer. His experience covers the design, construction, commissioning, operation and maintenance of heavy equipment and complex systems. Malcolm has been a Chartered Member of the Institution of Engineers Australia for most of his career and has contributed to running that body's activities in the Gladstone region as a member of the Executive Committee and various organising committees. He also has a long history with Central Queensland University, as a course developer and external lecturer.



Cr Poya (PJ) Sobhanian

BDSce (UQ), GAICD

Poya (PJ) is the nominated representative for the Gladstone Regional Council (GRC) and was appointed a Director on 15 September 2016 until 15 September 2019. He has been awarded a Fellowship of the Australian Institute of Management and is a graduate of the Australian Institute of Company Directors. PJ brings business acumen, significant knowledge, governance experience and local community spirit gained from serving on numerous government, non-government and community boards including the CQU Region Engagement Committee, University of Queensland Academic Board, UQ Faculty of Health Sciences Board of Studies and the board of the Rotary Club of South Gladstone.



John Orange

BCA, LLB, CA, FAICD, MinstD

John was appointed to the Board on 1 January 2015 until 27 June 2017 and has been the Chair of the Audit Committee since his appointment. John has qualifications in accounting and law and is a Fellow of the Australian Institute of Company Directors. He has over 30 years' experience including directorships on 12 different entity boards and associated committees, over 15 years in executive management, including international experience in New Zealand, the United Kingdom, Africa, Asia and the Middle East. He has spent the last decade in his own consulting business, specialising in governance, financial management, business improvement, mergers and asset transfers.



Patrice Brown

(IndChem), MEng (Civil), DipBus, CertMaritimeEnvMgt, CertSugarTech, CEnvP, GAICD

Patrice was appointed to the Board on 27 June 2014 and until 27 June 2017. She resigned on 20 July 2017. Patrice added value to the Board with her extensive experience as an environmental scientist and local business owner. Patrice was recognised as the Telstra Business Women's Queensland Entrepreneur in 2016 and was awarded the Gladstone Engineering Alliance Forty Calis Memorial Award in that same year for her entrepreneurial spirit and contribution to the Gladstone service sector and its industries.

BOARD MEETING ATTENDANCE

Director	BOARD MEETINGS		AUDIT COMMITTEE MEETINGS	
	Attended	Held ¹	Attended	Held ¹
Mr Denis Cook	15	15	4	4
Mr Malcolm Leinster	15	15	4	4
Mr John Orange	15	15	4	4
Cr Poya (PJ) Sobhanian	13	15	–	–
Ms Patrice Brown	–	–	–	–

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

AUDIT COMMITTEE

GAWB has an Audit Committee to assist the Board with the performance of its obligations regarding the approval of financial statements, review of internal control systems and the internal audit function. During 2017–18, its membership comprised Mr Orange (Chair), Mr Cook and Mr Leinster. The Committee operates pursuant to a Board approved Charter, which is aligned with Queensland Treasury's Audit Committee Guidelines and reviewed on an annual basis.

In 2017–18, the Committee met on four occasions and its activities included:

- Review of GAWB's 2016–17 financial statements
- Oversight of the internal audit function, including the review of the proposed internal audit work plan and internal audit reports and monitoring management's implementation of internal audit recommendations
- Review of significant corporate governance documents including the Audit Committee Charter and GAWB's Governance Charter
- Oversight of the internal audit tender process.

The Committee conducts an annual review of its processes and performance against its Charter to ensure it has fulfilled its obligations and is operating effectively.

INTERNAL AUDIT

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

GAWB utilises an independent, specialist external service provider (internal auditor) to perform its core internal audit activities. During 2017-18 the Audit Committee initiated a process to test the market in respect of the internal audit role. This process has led to the appointment of a new internal auditor for GAWB from October 2018.

RISK MANAGEMENT

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

With 12 overarching corporate risks and several subordinate risk registers across various disciplines, the method by which GAWB manages its risks is multi-faceted and cross-functional. GAWB conducts regular reviews of risk registers, along with identification and assessment of emerging risk issues. The board considers issues relating to risk at each meeting with standing agenda items. A risk review workshop is also held annually, facilitated by an external consultant experienced in risk management.

In 2017–18 GAWB upgraded its risk management software to interlink with governance and compliance functions, allowing for risk-based decision making and greater visibility of the effectiveness of the risk management framework and compliance systems.

INFORMATION SYSTEMS AND RECORD KEEPING

GAWB currently uses four systems for our document management. TechnologyOne Electronic Content Management (ECM) is the formal repository for official records. In addition, we utilise Microsoft Office 365, Microsoft Sharepoint and Microsoft Dynamics Customer Relationship Management (CRM). All of our systems are cloud hosted, secured and backed up in Australia in accordance with Government policy. Microsoft Dynamics CRM was implemented during 2017–18 to enhance our capability to record, store and retrieve interactions with our customers and stakeholders. This enables a greater depth of knowledge of our customers to be shared across the organisation, improving our overall ability to service customers and meet their needs in an efficient and timely manner. During 2018–19 we will undertake improvements to our ECM with the aim to simplify the transfer of documents, improving document cataloguing, metadata and the search functionality.

REPORTING

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

FRAUD CONTROL AND PREVENTION

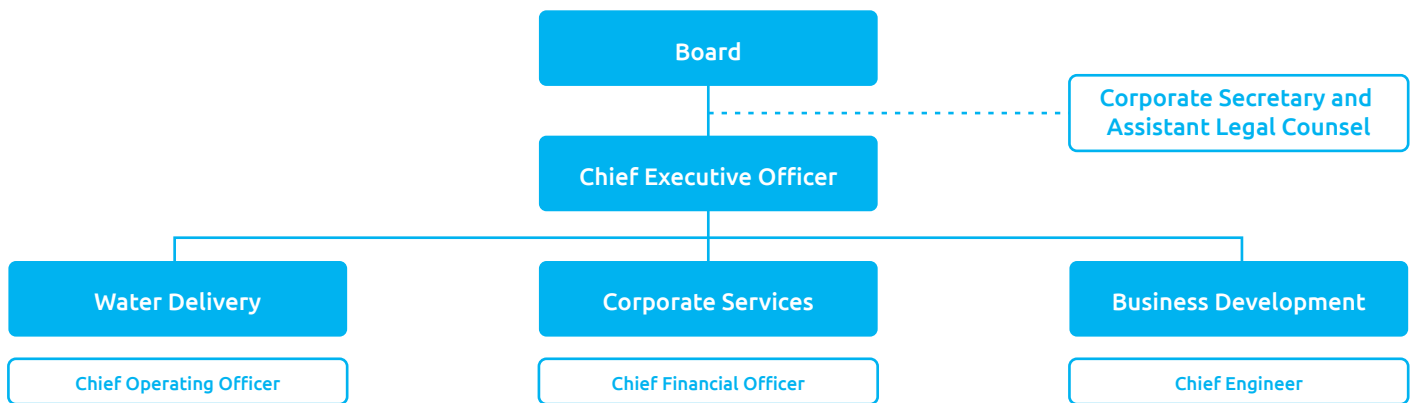
GAWB does not tolerate fraudulent or corrupt conduct and has implemented a number of policies and procedures to prevent, detect and respond to complaints of this nature. A defining feature of our framework is the recent implementation of a Whistleblower hotline allowing personnel and the public the ability to seek assistance with ethical dilemmas from an impartial third party and report suspected fraud or corrupt conduct.

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>).



ORGANISATIONAL STRUCTURE



The Chief Executive Officer (CEO) is responsible for the day-to-day management of our organisation, in accordance with the delegations prescribed by the *Authorities and Delegations Manual*. Three business units, each led by an executive management team member, support the CEO in the performance and execution of GAWB's operational and strategic objectives.

WATER DELIVERY

The Water Delivery Unit is responsible for:

- The water delivery network and treatment plants
- Management and maintenance of GAWB's assets
- Environmental, dam safety, water quality and resource operating obligations
- The Lake Awoonga catchment
- Capital works program.

CORPORATE SERVICES

The Corporate Services unit is responsible for:

- Legal
- Governance, risk and compliance
- Workplace health and safety
- Contracts and procurement
- Finance
- Human resources
- Economic regulation, pricing and customer contracts.

BUSINESS DEVELOPMENT

The Business Development unit is responsible for:

- Information, communication and technology
- Engineering, design and technical specification
- Systems Control and Data Acquisition (SCADA)
- Business development (ie: new customer connections)
- Dam safety oversight.



EXECUTIVE LEADERSHIP TEAM

Darren Barlow

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

Chief Executive Officer

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



Terry Ward

BEng (Civil), GradDipMgt, MEng (Water & Environment), RPEQ, MIE Aust, CPEng

Chief Engineer

Terry joined GAWB in March 2011. He was appointed Infrastructure Planning and Delivery Manager in April 2012 and then Chief Engineer in December 2016 as part of GAWB's organisational restructure. Terry has fifteen years prior experience as a consulting engineer on the planning and design of water-related and civil infrastructure projects for industry, mines and local government throughout Central Queensland and seven years' experience on water resource management and irrigation projects for the Queensland Government.



Jim Grayson

LLB, LLM, ACIS, PostGradDipComm, F Fin

Former Chief Executive Officer

Jim was GAWB's Chief Executive Officer until March 2018, having held that position for the past 12 years. Prior to his employment with GAWB Jim worked as a solicitor in private legal practice and with the Australian Securities and Investments Commission. Jim has held various positions, including as Chair, with multiple boards and committees including the Gladstone Economic Industry Development, AWA Water Management Law and Policy Specialist Network Committee and the Water Services Association of Australia (WSAA).



John Tumbers

GradDipMainMgt

Chief Operating Officer

John has been with GAWB since February 2013. John was initially appointed to the position of Operations and Maintenance Manager and then Chief Operating Officer in December 2016, as part of GAWB's organisational restructure. He has a career background in maintenance in the power generation and resource sectors in New South Wales, South Australia, Western Australia and Queensland. Prior to joining GAWB, John was the Maintenance Manager for the Port Hedland Port Authority, which operates a bulk export port in Western Australia.



Hugh Barbour

CPA, BBus (Acct), GAICD

Chief Financial Officer

Hugh has been the Chief Financial Officer at GAWB since March 2016. Hugh has extensive experience in all aspects of financial management, contract management and negotiation in the mining and energy industries.

As a former General Manager of Finance, he understands the importance of strong financial governance. Hugh has led multi-disciplinary teams in the performance review of significant assets as well as conducting audits and evaluations of acquisitions and asset improvements.



Robin Berthelsen

LLB (Hons), AGIA, MAICD

Corporate Secretary and Assistant Legal Counsel

Robin commenced with GAWB in February 2017. Before joining GAWB Robin held the position of Managing Partner with a Central Queensland law firm. Having worked in the legal industry for over 17 years, Robin brings extensive legal and managerial experience to the role together with post-graduate qualifications in corporate governance.





GOALS FOR 2018–19

GAWB has a number of key business improvement projects and initiatives, as set out below, being implemented during 2018–19 to meet our legislative and strategic objectives, improve the resilience of our network and ensure that we continue to meet the needs of our customers.



OFFLINE WATER STORAGE FACILITY

The Offline Water Storage Facility will provide approximately 14 days' capacity within the delivery network. Upon reaching practical completion, which is scheduled for around October 2018, GAWB will need to undertake significant operational changes within the delivery network to achieve optimisation.

2020 REGULATORY REVIEW

GAWB will continue its preparation for the 2020 Regulatory Review.

AUTOMATION

GAWB will complete the automation of the Gladstone Water Treatment Plant to integrate control of raw and treated water pumping systems to allow unmanned overnight operation of GAWB's water treatment and water delivery systems.

ICT SYSTEMS

GAWB will improve the resiliency of its ICT systems by undertaking a variety of initiatives including the completion and implementation of its ICT Strategic Plan, installation of new network and server hardware and optimisation of its electronic content management system.

FISH HATCHERY

GAWB will progress the relocation of the Fish Hatchery with the completion of scoping and design activities and the commencement of construction.

REVIEW OF CONTINGENT SUPPLY STRATEGY (CSS)

GAWB will undertake a review and update of the CSS to ensure it remains capable of implementation in the event of a demand trigger or drought trigger.



FINANCIAL STATEMENTS

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STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$000	2017 \$000
Continuing operations			
Revenue	4	59,426	58,265
Other income	4	11,593	2,241
Total income		71,019	60,506
Expenditure			
Employee expenses	4	(12,193)	(10,974)
Operational expenses	4	(16,769)	(12,273)
Finance costs		(9,940)	(8,902)
Depreciation	9	(16,789)	(15,298)
Amortisation	10	(3,051)	(3,174)
Total expenditure		(58,742)	(50,621)
Profit from continuing operations before income tax		12,277	9,885
Income tax equivalents expense	5(a)	(3,594)	(3,015)
Profit for the year		8,683	6,870
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation of property, plant and equipment	9	19,106	36,263
Income tax relating to components of other comprehensive income		(5,732)	(10,879)
Total other comprehensive income, net of income tax		13,374	25,384
Total comprehensive income for the year		22,057	32,254
Profit attributable to:			
Owners of GAWB		8,683	6,870
Total comprehensive income for the year attributable to:			
Owners of GAWB		22,057	32,254

The notes on pages 36 to 63 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Contributed equity \$000	Asset revaluation surplus \$000	Retained earnings \$000	Total equity \$000
Balance at 1 July 2016	64,647	256,183	34,221	355,051
Comprehensive income for the period				
Profit from continuing operations	–	–	6,870	6,870
Other comprehensive income	–	25,384	–	25,384
Transfers within equity				
Disposal of revalued assets	–	(303)	303	–
Transactions with owners as owners				
Dividends proposed	–	–	(5,496)	(5,496)
Balances at 30 June 2017	64,647	281,264	35,899	381,810
Balance at 1 July 2017	64,647	281,264	35,899	381,810
Comprehensive income for the period				
Profit from continuing operations	–	–	8,683	8,683
Other comprehensive income	–	13,374	–	13,374
Transfers within equity				
Disposal of revalued assets	–	(2,512)	2,512	–
Transactions with owners as owners				
Dividends proposed	–	–	(6,948)	(6,948)
Balances at 30 June 2018	64,647	292,126	40,146	396,919

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

The notes on pages 36 to 61 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	2018 \$000	2017 \$000
Current assets			
Cash and cash equivalents	6(a)	29,568	19,197
Trade and other receivables	7	9,038	8,064
Assets held for sale	8	10,713	–
Inventories		782	780
Current tax asset		–	171
Total current assets		50,101	28,212
Non-current assets			
Property, plant and equipment	9	707,987	673,321
Intangible assets	10	10,326	20,176
Biological assets		49	39
Total non-current assets		718,362	693,536
Total assets		768,463	721,748
Current liabilities			
Trade and other payables	11	6,670	10,341
Provisions	13	8,471	7,064
Revenue received in advance		1,210	1,234
Current tax liability		916	–
Total current liabilities		17,267	18,639
Non-current liabilities			
Loans and borrowings	12	273,083	242,908
Provisions	13	606	509
Revenue received in advance		1,927	2,964
Other non-current liabilities		1	–
Deferred tax liabilities	5(b)	78,660	74,918
Total non-current liabilities		354,277	321,299
Total liabilities		371,544	339,938
Net assets		396,919	381,810
Equity			
Equity contribution		64,647	64,647
Asset revaluation surplus		292,126	281,264
Retained earnings		40,146	35,899
Total equity		396,919	381,810

The notes on pages 34 to 61 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$000	2017 \$000
Cash flows from operating activities			
<i>Inflows:</i>			
Receipts from customers		68,916	58,897
Interest received		667	633
<i>Outflows:</i>			
Payments to employees		(12,187)	(11,093)
Payments to suppliers and services		(14,823)	(10,137)
Borrowing costs paid		(9,673)	(8,892)
Net Goods and Services Tax (GST)		933	(331)
Tax equivalents paid to Queensland Treasury		(4,497)	(5,948)
Refund of security deposits		(106)	(5)
Net cash provided by operating activities		29,230	23,124
Cash flows from investing activities			
<i>Inflows:</i>			
Proceeds from sale of property, plant & equipment		572	16
Curtis Island advances on account		–	1,542
<i>Outflows:</i>			
Acquisition of property, plant & equipment		(37,833)	(32,387)
Acquisition of intangible assets		(5,778)	(4,205)
Costs on disposal of property, plant & equipment		–	(16)
Interest paid on construction of property, plant & equipment		(325)	(244)
Net cash used in investing activities		(43,364)	(35,294)
Cash flows from financing activities			
<i>Inflows:</i>			
Proceeds from borrowings		30,000	11,500
<i>Outflows:</i>			
Dividends paid		(5,495)	(7,289)
Net cash from financing activities		24,505	4,211
Net increase/(decrease) in cash and cash equivalents		10,371	(7,959)
Cash and cash equivalents at 1 July		19,197	27,156
Cash and cash equivalents at 30 June	6(a)	29,568	19,197

The notes on pages 34 to 61 are an integral part of these financial statements.

1. Reporting entity

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

2. Basis of preparation

(a) Statement of compliance

These financial statements are general purpose financial statements, which have been prepared in accordance with the *Financial Accountability Act 2009* and the disclosure requirements of section 43 of the *Financial and Performance Management Standard 2009*.

These financial statements have been prepared on an accrual basis in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB).

These financial statements were approved for issue by the directors on 24 August 2018.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain property, plant and equipment which are measured at fair value.

The methods used to measure fair value are discussed further in Notes 2(e), 3(a) and 9.

(c) Functional and presentation currency, rounding and presentation classifications

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

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.

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes. Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or GAWB does not have an unconditional right to defer settlement of the liability to beyond 12 months after the reporting date. All other assets and liabilities are classified as non-current.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 3(a) – Property, plant and equipment (useful lives and revaluation)
- Note 3(b) – Intangible assets (useful lives)
- Note 3(g) – Impairment (of financial and non-financial assets)
- Note 3(h) – Employee benefits
- Note 14 – Financial risk management

2. Basis of preparation (continued)

(e) Fair value measurement

Fair value measurement is applied to GAWB's financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Using market-based measurements, fair value is determined by maximising the use of observable inputs and minimising the use of unobservable inputs.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by GAWB include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by GAWB include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of GAWB's assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

GAWB has an established control framework with respect to the measurement of fair values. The Chief Financial Officer (CFO) oversees all significant fair value measurements, including Level 3 fair values. Discussion of valuation processes and results, including material valuation issues, are held between the CFO and the Audit Committee throughout the financial year and at financial year end.

Assets and liabilities are categorised within the following fair value hierarchy based on the data and assumptions used in the most recent specific appraisals:

- Level 1: reflects quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability which are derived from unobservable inputs.

Transfers between fair value hierarchy levels are recognised at the end of the reporting period. There were no transfers of assets between fair value hierarchy levels during the period.

Property, plant and equipment are categorised as level 3. Further disclosures regarding level 3 financial assets are included in Notes 3(a) and 9.

(f) Authorisation of financial statements for issue

The financial statements are authorised for issue by the Chairman, Chief Executive Officer (CEO) and CFO at the date of signing the management certificate.

3. Significant accounting policies

(a) 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) Revaluations

Classes of assets measured at fair value are revalued with sufficient regularity to ensure that the carrying value of each asset in the class does not differ materially from fair value at reporting date. The fair value of property, plant and equipment is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date. 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. In 2018, a comprehensive revaluation was undertaken internally by GAWB on the basis outlined in Note 9. Revaluations are brought to account where the existing carrying value differs materially to the current fair value using this income approach. From 1 July 2014, Queensland Treasury required application of the net method on revaluation when the income-based valuation approach is applied. In line with this requirement, depreciation and impairment loss disclosures have been netted off against the gross amount of revalued assets.

Revaluation increments and decrements are accounted for by asset in the following manner:

- A revaluation increment is credited directly to the asset revaluation surplus except that, to the extent the increment reverses a revaluation decrement previously recognised as an expense in respect of the asset, the increment is recognised as revenue in other comprehensive income.
- A revaluation decrement is recognised as an expense in other comprehensive income except that, to the extent a credit balance exists in the asset revaluation surplus in respect of the relevant asset, the revaluation decrement is debited directly to the asset revaluation surplus.
- Where a revalued asset is subsequently sold or disposed, the associated revaluation increment recognised in the asset revaluation surplus is transferred to retained earnings.

3. Significant accounting policies (continued)

(a) Property, plant and equipment (continued)

(iii) 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.

(iv) Depreciation and impairment

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

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

	2018	2017
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.

Property, plant and equipment are also assessed for any indicators of impairment each year. Further details on impairment calculations are provided in Note 3(g).

(v) 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.

(b) Intangible assets

(i) 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.

(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.

3. Significant accounting policies (continued)

(b) Intangible assets (continued)

(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.

GAWB received the required environmental approvals for the Gladstone-Fitzroy Pipeline in 2012. On this basis, GAWB commenced recognising amortisation of this intangible asset as the asset is capable of operating in the manner intended by management. At 30 June 2017, the Lower Fitzroy River Infrastructure Project has received State and Commonwealth environmental approvals, while preparation of the business case continued during 2018. On this basis, this intangible asset is considered not yet capable of operating in the manner intended by management and therefore continues to not be amortised.

Intangible assets are also assessed for any indicators of impairment each year. Further details on impairment calculations are provided in Note 3(g).

(c) **Inventories**

Inventories held for use are valued at the lower of cost or net realisable value. Costs are assigned to individual items of stock on the basis of weighted average costs.

(d) **Cash and cash equivalents**

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.

(e) **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.

(f) **Leases**

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

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

(g) **Impairment**

(i) *Non-derivative financial assets*

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset or a group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined by publicly available information such as quoted market prices or by calculating the net present value of future anticipated cash flows. In estimating these cash flows, management makes judgements about a counterparty's financial situation and the net realisable value of any underlying collateral.

Portfolios of similar assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms. The collective impairment provision is estimated for any such group where credit risk characteristics of the group of financial assets has deteriorated, including any deterioration in industry performance, technological obsolescence as well as identified structural weaknesses or deterioration in cash flows. These characteristics are taken into consideration and the amount of the provision is based on the historical loss pattern within each group, adjusted to reflect current economic change.

3. Significant accounting policies (continued)

(g) Impairment (continued)

(i) *Non-derivative financial assets (continued)*

For assets measured at amortised cost, impairment losses, measured using the effective interest rate method are calculated by comparing the carrying value of the asset with the present value of estimated future cash flows at the original effective interest rate.

Impairment losses are recognised in profit or loss and reflected in an allowance account. On confirmation that a financial asset will not be collectable, the gross carrying value of the asset is written off.

(ii) *Non-financial assets*

The carrying amounts of GAWB's non-financial assets, other than biological assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, 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.

Impairment losses are recognised in profit or loss except that, to the extent that a credit balance exists in the asset revaluation surplus in respect of the relevant asset, the impairment loss is debited directly to the asset revaluation surplus. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

(iii) *Superannuation contributions*

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

3. Significant accounting policies (continued)

(l) Revenue recognition

On 29 May 2015, the Premier and Treasurer (the QCA Ministers) published their decision in relation to the Queensland Competition Authority (QCA) investigation of GAWB's pricing practices for the 2015 Price Review, covering the regulatory period 1 July 2015 to 30 June 2020. The QCA Ministers accepted all of the recommendations made by the QCA without qualification. The QCA's monopoly price oversight of GAWB's business activities is integrated with the commercial framework under which GAWB operates.

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

Water revenue: Revenue from water sales is recognised upon actual or deemed delivery to the user based on the price determined through application of the approved QCA pricing principles, as specified in the individual agreements.

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

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

Grants: Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and GAWB will comply with the conditions of the grant; they are then recognised in profit or loss on a systematic basis over the useful life of the asset.

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

(ii) Services

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

(j) Finance income and costs

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through statement of comprehensive income, and gains on hedging instruments that are recognised in statement of comprehensive income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings, other borrowing costs GAWB incurred in connection with the borrowing of funds, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognised on financial assets. 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.

(k) Income tax

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 (2018 and 2017: 30%).

3. Significant accounting policies (continued)

(j) Income tax (continued)

(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.

(ii) *Deferred tax asset*

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.

(l) **Goods and services tax**

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

(m) **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.

(n) **New standards and interpretations**

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application.

(i) *Changes in accounting policy and disclosures effective in the current financial year*

- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 provides additional disclosure requirements in the Statement of Cash Flows allowing users to evaluate changes in liabilities arising from financing activities. GAWB's liabilities arising from financing activities consist of borrowings (Note 12). A reconciliation between the opening and closing balances of this item is provided in Note 6(c). Consistent with the transition provisions of the amendments, GAWB has not disclosed comparative information for the prior period. Apart from the additional disclosure in Note 6(c), the application of these amendments has had no impact on GAWB's financial statements.

3. Significant accounting policies (continued)

(n) New standards and interpretations (continued)

(ii) Future impact of accounting standards not yet effective

The following standards, amendments to standards and interpretations will become effective for the year ended 30 June 2019 and periods thereafter and so have not been applied in preparing this financial report.

- AASB 9 Financial Instruments amends the classification, recognition, derecognition and measurement of financial assets and liabilities, effective from the 2019 financial year. Impairment requirements will use an expected credit loss model to recognise an allowance as opposed to an incurred loss model under existing requirements. The change is not expected to have a material impact.
- AASB 15 Revenue from Contracts with Customers replaces AASB 111 Construction Contracts and AASB 118 Revenue and related interpretations, effective from the 2019 financial year. AASB 15 provides a comprehensive framework for revenue recognition and is not expected to have a material impact on GAWB's financial statements.
- AASB 16 Leases is effective from the 2020 financial year. It supersedes AASB 117 Leases and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. It is expected that these changes will result in GAWB recognising a number of operating leases currently disclosed in note 15(a) as lease liabilities with corresponding 'right-of-use' assets in its statement of financial position. The financial impact of the adoption of AASB 16 is yet to be determined by GAWB.

All other standards and interpretations issued but not yet effective have been reviewed and are considered to have no impact on the financial statements.

(o) Comparatives

Where necessary, comparatives have been adjusted to conform with changes in presentation and disclosure.

	2018 \$000	2017 \$000
4. Profit from continuing activities		
Revenue		
Water revenue	58,911	56,939
Infrastructure availability charge	515	1,326
Total revenue	59,426	58,265
Other revenue		
Grants and other contributions	1,135	1,121
Finance income	667	633
Other	9,791	487
Total other revenue	11,593	2,241
Employee costs		
Wages, salaries and on costs	9,987	8,914
Contributions to superannuation plans	1,003	916
Labour hire costs	224	572
Other labour related costs	979	572
Total employee costs	12,193	10,974

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 \$0.10 million for the financial year ended 30 June 2018 (2017: \$0.10 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 98.9 FTE's as at 30 June 2018 (2017: 97.7 FTE's). This included both full-time employees, part-time and casual employees, measured on a full-time equivalent basis. This excludes directors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$000	2017 \$000
4. Profit from operating activities (continued)		
Operating Expenses		
Contracted, professional, technical and other services	3,124	1,955
Maintenance	2,834	1,872
Electricity	2,313	2,217
Operating expenses	1,999	1,772
Information systems expense	1,405	992
Administration costs	1,318	1,151
Insurance	883	786
Chemicals	599	637
Rates	416	332
Other	1,878	559
Total operating expenses	16,769	12,273

5. Income tax equivalents
a) Income tax equivalents expense

Recognised in the Statement of Comprehensive Income		
<i>Current tax equivalents expense</i>		
Current year	5,674	4,707
Prior year adjustment	(91)	(24)
<i>Deferred tax equivalents expense</i>		
Origination and reversal of temporary differences	(1,989)	(1,668)
Total income tax expense	3,594	3,015
 <i>Numerical reconciliation between tax expense and pre-tax net profit</i>		
Profit before income tax equivalents	12,277	9,885
Income tax equivalents expense calculated at 30%	3,683	2,966
Prior period adjustment	(91)	45
Non-deductible entertainment	2	4
Income tax expense	3,594	3,015

5. income tax equivalents (continued)

b) Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Property, plant & equipment	–	–	(87,270)	(83,250)	(87,270)	(83,250)
Intangible assets	6,697	6,484	–	–	6,697	6,484
Trade & other payables	46	42	–	–	46	42
Assets held for sale	363	–	–	–	363	–
Employee benefits	541	527	–	–	541	527
Revenue received in advance	963	1,279	–	–	963	1,279
Tax assets/(liabilities)	8,610	8,332	(87,270)	(83,250)	(78,660)	(74,918)

Movement in temporary differences during the year:

	Balance 1 July 2016 \$000	Recognised in income \$000	Under/over prior years \$000	Recognised in equity \$000	Balance 30 June 2017 \$000
Property, plant and equipment	(73,607)	1,236	–	(10,879)	(83,250)
Intangible assets	5,818	666	–	–	6,484
Trade & other payables	9	33	–	–	42
Employee benefits	482	45	–	–	527
Revenue received in advance	1,590	(333)	22	–	1,279
Movement in temporary differences	(65,708)	1,647	22	(10,879)	(74,918)

	Balance 1 July 2017 \$000	Recognised in income \$000	Under/over prior years \$000	Recognised in equity \$000	Balance 30 June 2018 \$000
Property, plant and equipment	(83,250)	1,712	–	(5,732)	(87,270)
Intangible assets	6,484	213	–	–	6,697
Assets held for sale	–	363	–	–	363
Trade & other payables	42	4	–	–	46
Employee benefits	527	14	–	–	541
Revenue received in advance	1,279	(316)	–	–	963
Movement in temporary differences	(74,918)	1,990	–	(5,732)	(78,660)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$000	2017 \$000
6(a) Cash and cash equivalents		
Cash at bank	3,027	2,686
Deposits at Queensland Treasury Corporation, at call	26,541	16,511
Total cash and cash equivalents	29,568	19,197

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked as at 30 June. Cash at bank earns interest at floating rates based upon daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value. Money market investments were limited to investments in bank backed securities or short dated securities guaranteed by the Commonwealth or the State. Credit risk exposure on these investments is minimised by the short-term nature of the investment.

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

Operating profit after income tax equivalents	8,683	6,870
Non-cash items included in operating result:		
Adjustments for: Depreciation	16,789	15,298
Amortisation	3,051	3,174
Net loss on sale of property, plant and equipment	1,519	271
	30,042	25,614
Change in assets and liabilities:		
(Increase)/decrease in trade receivables	(364)	81
Decrease/(increase) in other receivables & prepayments	1,113	(432)
Increase in deferred tax assets	(278)	(433)
Increase in trade creditors	147	360
Increase in operating accruals	214	443
Increase in deferred tax liabilities	4,021	9,643
Decrease in current tax liabilities/(assets)	1,086	(1,264)
(Decrease)/increase in provisions	(133)	1,098
Increase in borrowing costs	175	13
Decrease in deferred income	(1,061)	(1,119)
Decrease in tax regarding asset revaluation surplus	(5,732)	(10,879)
Net cash from operating activities	29,230	23,124

6(c) Reconciliation of liabilities arising from financing activities

	Balance at 1 July 2017	Cash flows	Non-cash changes	Balance at 30 June 2018
Long-term borrowings	242,908	30,175	-	273,083
Long-term debt	242,908	30,175	-	273,083

	2018	2017
	\$000	\$000

7. Trade and other receivables

Current		
Trade receivables	8,358	6,418
Other receivables and prepayments	618	1,646
Total trade and other receivables	9,038	8,064

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. Receivables, other than trade receivables and prepayments, generally arise from transactions outside of GAWB's usual operating activities and are recognised at their assessed values.

An ageing analysis and details of impairment (if any) are provided in Note 14(b) (Credit risk).

8. Assets held for sale

Assets held for sale	10,713	–
Total	10,713	–

Assets held for sale represent intangible assets that are actively being marketed for sale and are expected to be transferred during the year ended 30 June 2019.

9. Property, plant and equipment

Land, buildings & improvements

Land:		
At directors' valuation	15,640	14,513
Buildings & improvements:		
At directors' valuation	29,970	23,099
Total land, buildings & improvements	45,610	37,612

Infrastructure assets

At directors' valuation	610,638	583,123
Total infrastructure assets	610,638	583,123

Minor plant & equipment

At cost	11,587	6,671
Accumulated depreciation	(5,019)	(4,160)
Total minor plant & equipment	6,568	2,511

Motor vehicles

At cost	376	376
Accumulated depreciation	(169)	(143)
Total motor vehicles	207	233

Assets under construction

At cost	44,964	49,842
Total property, plant and equipment carrying amount	707,987	673,321

9. Property, plant and equipment (continued)

Comprehensive valuation of property, plant and equipment

GAWB undertakes a comprehensive valuation of the asset base, using an income-based approach, annually. This approach was applied internally by GAWB as at 30 June 2018 using the following key assumptions and approach:

- GAWB's assets are subject to economic regulation and it is assumed that they will continue to be subject to monopoly price oversight in the future.
- Post-tax cash flows have been projected based on forecasts of prudent and efficient capital expenditure, operating costs and revenue consistent with GAWB's planning projections for the regulatory period to June 2020 covered by the QCA's 2015 Final Report on GAWB's Pricing Practices. Projected post-tax cash flows have then been discounted at the post-tax WACC rate of 5.77%.
- Revenue cash flows for the 2015–2020 regulatory period incorporates an allowance for price rebates provided to certain customers, which generally equates to an amount comprising both return on investment and return of investment for those assets funded by those customers. The terminal value of these customer rebates, at 30 June 2020 have been factored into the cash flows.
- The residual value of assets, which also includes the regulatory allowance for recovery of working capital at 30 June 2020 represents the estimated future cash flows and assumes that throughout the remaining useful life of the assets, there will be alignment with the market view as to both the required rate of return and the costs of operating the assets sufficient to recover the residual value and therefore a multiplier of 1 has been used to reflect this. It is also assumed that any form of future regulation will ensure an owner of these assets will receive a sufficient return on equity after repayment of debt.
- The QCA-recommended pricing methodology sets a constant real price over a 20-year period such that the present value of expected revenue over a 20-year period equals the present value of economic costs. However, there will be an under-recovery in the early years and an over recovery in the later years. Included in the residual value at 30 June 2020 is \$141.19 million which represents the cumulative under recovery or future value of the difference between the annual target or building block revenue and the smoothed price cap revenue over the current regulatory period. It is assumed that this amount will be recognised for price modelling purposes at the beginning of the next regulatory period consistent with current regulatory practice.
- Any unrealised capital gains from upwards revaluation of non-current assets are excluded from profit when determining the dividend payable for a financial year in accordance with section 660 of the *Water Act 2000*.
- The fair value measurement for land, buildings & improvements and infrastructure assets of \$656.25 million (2017: \$620.74 million) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. The sensitivity of these fair values to changes in unobservable inputs is assessed as being low, as GAWB's pricing principles and comprehensive valuation are reflective of the QCA's 2015 pricing investigation outcomes.

9. Property, plant and equipment (continued)

Reconciliation	Land, buildings & improvements \$000	Infrastructure assets \$000	Minor plant & equipment \$000	Motor vehicles \$000	Assets under construction \$000	Total \$000
Carrying amount at 1 July 2016	39,261	557,284	2,709	253	17,650	617,157
Additions	–	–	–	–	35,360	35,360
Disposals	(81)	(62)	(18)	–	–	(161)
Transfer to/(from) assets under construction	(2,406)	5,063	488	23	(3,168)	–
Depreciation	(1,333)	(13,254)	(668)	(43)	–	(15,298)
Revaluation increment/(decrement)*	2,172	34,091	–	–	–	36,263
Carrying amount at 30 June 2017	37,612	583,123	2,511	233	49,842	673,321
Carrying amount at 1 July 2017	37,612	583,123	2,511	233	49,842	673,321
Additions	–	–	–	–	34,274	34,274
Disposals	(420)	(1,441)	(8)	–	–	(1,869)
Transfer to/(from) assets under construction	8,460	25,675	4,961	–	(39,186)	(90)
Transfer from intangible assets	–	–	–	–	34	34
Depreciation	(1,370)	(14,497)	(896)	(26)	–	(16,789)
Revaluation increment/(decrement)*	1,328	17,778	–	–	–	19,106
Carrying amount at 30 June 2018	45,610	610,638	6,568	207	44,964	707,987

* Revaluation increment/(decrement) movements are disclosed in Other comprehensive income.

Categorisation of fair values	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
30 June 2017				
Land, buildings & improvements	–	–	37,612	37,612
Infrastructure assets	–	–	583,123	583,123
Carrying amount at 30 June 2017	–	–	620,735	620,735
30 June 2018				
Land, buildings & improvements	–	–	45,610	45,610
Infrastructure assets	–	–	610,638	610,638
Carrying amount at 30 June 2018	–	–	656,248	656,248

Deemed historical cost

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

	2018 \$000	2017 \$000
Land, buildings and infrastructure at deemed historical cost		
Land	8,672	8,000
Buildings	24,736	17,376
Infrastructure	376,165	351,924
Total cost	409,573	377,300

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$000	2017 \$000
10. Intangible assets		
Software		
At cost	5,217	4,869
Accumulated amortisation	(2,867)	(2,138)
Total software	2,350	2,731
Land reservations		
At cost	64	64
Easements		
At cost	631	625
CSS development costs		
At cost	23,246	27,350
Accumulated amortisation	(18,380)	(16,058)
Total CSS development costs	4,866	11,293
Assets under construction		
At cost	2,415	5,463
Total intangible assets	10,326	20,176

	Software reservations \$000	Land reservations \$000	Easements \$000	CSS development costs \$000	Assets under construction \$000	Total \$000
Balance at 1 July 2016	462	64	625	13,741	4,067	18,959
Additions	–	–	–	–	4,391	4,391
Disposals	–	–	–	–	–	–
Transfer to/(from) assets under construction	3,121	–	–	(126)	(2,995)	–
Amortisation	(852)	–	–	(2,322)	–	(3,174)
Balance at 30 June 2017	2,731	64	625	11,293	5,463	20,176
Balance at 1 July 2017	2,731	64	625	11,293	5,463	20,176
Additions	–	–	–	–	4,172	4,172
Transfer to/(from) assets under construction	453	–	6	–	(579)	(120)
Disposals	(104)	–	–	–	–	(104)
Transfers to property plant and equipment	–	–	–	–	(34)	(34)
Transfers to assets held for sale	–	–	–	(4,105)	(6,608)	(10,713)
Amortisation	(729)	–	–	(2,322)	–	(3,051)
Balance at 30 June 2018	2,351	64	631	4,866	2,414	10,326

Intangible assets include costs associated with the development of GAWB's Contingent Supply Strategy (CSS) incorporating the Gladstone to Fitzroy Pipeline Project and participation in the Lower Fitzroy River Infrastructure Project. The objective of the strategy is to develop and retain the capability to efficiently respond to reasonably foreseeable risks to the adequacy of current water supplies, either through drought or demand. GAWB considers that the development costs of the CSS meet the definition as well as the criteria for recognition as an intangible asset as the costs are identifiable, able to be measured reliably, the resources are controlled by GAWB and it is probable that the future economic benefits will flow to GAWB.

Software includes an ERP system with a written down value of \$2.10M (2017: \$2.55M) and minor business software assets.

2018
\$000

2017
\$000

11. Trade and other payables

Current		
Trade creditors	1,280	2,243
Security deposits	33	140
Accruals	5,357	7,958
Total trade and other payables	6,670	10,341

12. Loans and borrowings

GAWB has a working capital facility of \$10.00 million (2017: \$10.00 million) available through Queensland Treasury Corporation (QTC) to assist in managing short term cash requirements.

Finance facilities

Available at reporting date	283,083	252,908
Utilised at reporting date (current and non-current loans and borrowings – unsecured)	(273,083)	(242,908)
Working capital	10,000	10,000

Fair Values

Unless disclosed below the carrying amount (book value) of GAWB's current and 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.

Queensland Treasury Loans

Carrying value	273,083	242,908
Fair value	276,447	247,830

13. Provisions

Current

Dividend	6,948	5,496
Provision for long service leave	325	441
Provision for annual and other leave	1,070	999
Indigenous Land Use Agreement (ILUA) liability	128	128
	8,471	7,064

Non-current

Provision for long service leave	481	384
Restoration	125	125
	606	509

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

13. Provisions (continued)

Provision movements

	Dividend	Dividend	Long service	Long service	Long service	Annual and	Annual and	ILUA	ILUA	Restoration	Restoration
	2018	2017	leave	leave	leave	other leave	other leave	2018	2017	2018	2017
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Current provision	6,948	5,496	325	441	1,070	999	128	128	128	-	-
Non-current provision	-	-	481	384	-	-	-	-	-	125	125
Closing balance at 30 June	6,948	5,496	806	825	1,070	999	128	128	128	125	125
Opening balance of provision at 1 July	5,496	7,289	825	1,989	999	908	128	128	128	125	125
Payment of provisions	(5,496)	(7,289)	(193)	(54)	(1,108)	(903)	-	-	-	-	-
Movement in provision calculation	6,948	5,496	174	(1,110)	1,179	994	-	-	-	-	-
Closing balance at 30 June	6,948	5,496	806	825	1,070	999	128	128	128	125	125

14. Financial risk management

(a) General objectives, policies and processes

The Board has overall responsibility for the determination of GAWB's risk management objectives and policies and, delegating the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the CEO.

GAWB's risk management policies and objectives are established to identify and analyse the risks faced by GAWB, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits. Exceptions to these limits and controls are reported to the Board as they occur. GAWB's internal auditors also review the risk management policies and processes and report their findings to the Board.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the entity's competitiveness and flexibility. There have been no substantive changes in GAWB's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Financial Instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables and loans and borrowings.

Recognition

A financial instrument is recognised if GAWB becomes a party to the contractual provisions of the instrument. Non-derivative financial instruments are initially recognised at fair value, subsequently they are measured at amortised cost, unless the change is material. Instruments not recognised at fair value are recorded through profit and loss including any directly attributable transaction costs except as described below. The net fair value of GAWB's financial assets and liabilities are equivalent to the total carrying amounts as per the Statement of Financial Position. The maturity analysis in Note 14(c) is an exception to this for the net fair value of Queensland Treasury Corporation borrowings, which is based on market prices (categorised as level 2 within the fair value hierarchy). The carrying amounts of trade and other receivables and trade and other payables are a reasonable approximation of their net fair values.

Classification

Financial Instruments are classified and measured as follows:

- Receivables – held at amortised cost
- Payables – held at amortised cost
- Borrowings – held at amortised cost

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

14. Financial risk management (continued)

	Total carrying amount		Net fair value	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Financial Assets				
Cash and cash equivalents:				
Cash at bank and on hand	3,027	2,686	3,027	2,686
Deposits at Queensland Treasury Corporation, at call	26,541	16,511	26,541	16,511
Trade and other receivables	9,038	8,064	9,038	8,064
	38,606	27,261	38,606	27,261
Financial Liabilities				
Interest-bearing liabilities	273,083	242,908	276,447	247,830
Trade and other payables	6,670	10,341	6,670	10,341
	279,753	253,249	283,117	258,171

(b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge its obligation resulting in GAWB incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to GAWB. The collectability of receivables is assessed periodically with provision being made where receivables are impaired.

Cash and cash equivalents

GAWB holds cash and cash equivalents of \$29.57 million at 30 June 2018 (2017: \$19.20 million). Cash at bank is held with bank counterparties, which are rated AA3 based on Moody's 30 June 2018 ratings. The deposits at Queensland Treasury Corporation (QTC) are held with QTC, the Queensland government's central financing authority.

Trade receivables

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 \$1.45 million of trade receivables at 30 June 2018 (2017: \$1.36 million).

Ageing analysis of trade receivables that are past due but not impaired at the reporting date:

	2018	2017
	\$000	\$000
Trade receivables not impaired		
Not due	6,724	4,845
Overdue <31 days	1,630	1,573
Overdue 31–60 days	1	–
Overdue >60 days	3	–
Total	8,358	6,418

As at 30 June 2018 GAWB had current trade receivables of \$Nil (2017: \$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.

14. Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that GAWB may encounter difficulties raising funds to meet commitments associated with financial liabilities, e.g. borrowing repayments. Water sales are on a contracted basis to customers with payments monitored for compliance with contract terms. It is GAWB's policy to maintain cash balances sufficient to cover current operating requirements. This is achieved through cash flow planning using one year and five year forward budgets for operating and capital expenditure. The Board also monitors liquidity risk through monthly reports on GAWB's financial and operating results.

The following financing facilities were available at reporting date:

	2018 \$000	2017 \$000
Credit stand-by arrangements		
<i>Available facilities:</i>		
Overdraft	10,000	10,000
<i>Unused facilities:</i>		
Overdraft	10,000	10,000
Loans		
Total facilities	273,083	242,908
Used at reporting date	273,083	242,908
Unused at reporting date	-	-

The overdraft facility may be drawn down at any time but may be terminated by the financier without notice. Of the loan facilities, \$273.08 million is fully drawn and has a maturity of 20 years (2017: \$242.91 million).

Maturity analysis

	Fixed interest maturing in:			Floating interest rate \$000	Non interest bearing \$000	Total \$000
	1 year or less \$000	1 to 5 years \$000	Over 5 years \$000			
2017						
Financial liabilities						
Trade and other payables	-	-	-	-	10,341	10,341
Interest-bearing liabilities	7,125	39,360	229,725	-	-	276,210
Total	7,125	39,360	229,725	-	10,341	286,551
2018						
Financial liabilities						
Trade and other payables	-	-	-	-	6,670	6,670
Interest-bearing liabilities	7,909	70,301	229,725	-	-	307,935
Total	7,909	70,301	229,725	-	6,258	314,193

Interest-bearing liabilities disclosed in the maturity analysis are the contractual undiscounted cash flows of the liabilities as they represent the amount GAWB is contractually required to pay at maturity of the liabilities. Such undiscounted cash flows differ from the amount included in the Statement of Financial Position because the Statement of Financial Position amount is based on discounted cash flows.

14. Financial risk management (continued)

(d) Interest rate risk

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

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

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

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

GAWB, for the period 1 July 2015 to 30 June 2018, 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
30 June 2017					
Cash at bank	2,686	-	-	-	-
Deposits at Queensland Treasury Corporation, at call	16,511	(165)	(165)	165	165
30 June 2018					
Cash at bank	3,027	-	-	-	-
Deposits at Queensland Treasury Corporation, at call	26,541	(265)	(265)	265	265

(e) Capital risk management

GAWB considers its capital to comprise its contributed equity, asset revaluation surplus and accumulated retained earnings.

In managing its capital, GAWB's primary objective is to ensure its continued ability to provide a consistent return on equity through a combination of capital growth and distributions. To achieve this objective, GAWB seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable GAWB to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, or the reduction of debt, GAWB considers not only its short-term position but also its long-term operational and strategic objectives.

GAWB's gearing ratio at reporting date is shown below:

	2018 \$000	2017 \$000
Gearing ratios		
Total debt	273,083	242,908
Total equity	396,919	381,810
Total equity and debt	670,002	624,718
Gearing ratio	41%	39%

14. Financial risk management (continued)

(f) Classification of financial instruments recorded at fair value

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
2017				
<i>Financial assets</i>				
Cash and cash equivalents	19,197	–	–	19,197
2018				
<i>Financial assets</i>				
Cash and cash equivalents	29,568	–	–	29,568

15. Commitments

2018 **2017**
\$000 **\$000**

(a) Leases as lessor

These leases relate to land and buildings. Commitments under operating leases at reporting date are exclusive of anticipated GST if the GST is recoverable, otherwise they are inclusive and are payable as follows:

Not later than 1 year	323	155
Later than one year not later than five years	624	255
Later than five years	314	102
	1,261	512

During the year ended 30 June 2018, \$0.48 million was recognised as revenue in the Statement of Comprehensive Income in respect of operating leases (2017: \$0.22 million).

(b) Leases as lessee

These leases relate to land and buildings and motor vehicles. Commitments under operating leases at reporting date are exclusive of anticipated GST if the GST is recoverable, otherwise they are inclusive and are payable as follows:

Not later than 1 year	745	841
Later than one year not later than five years	800	1,483
Later than five years	5,435	3,934
	6,980	6,258

During the year ended 30 June 2018, \$0.75 million was recognised as an expense in the Statement of Comprehensive Income in respect of operating leases (2017: \$0.66 million).

(c) Capital and other commitments

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

Amounts to be expensed:		
Not later than one year	5,065	29,003
Later than one year, but not later than five years	–	913
More than five years	–	–
	5,065	29,916

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

16. Contingencies

There are no material contingent assets or liabilities as at 30 June 2018.

17. Auditors' remuneration

	2018 \$000	2017 \$000
Audit services		
Queensland Audit Office		
Audit and review of financial reports	82	82

For the 30 June 2018 audit, the amount quoted for the audit fee was \$0.08 million (2017: \$0.08 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 shareholding Ministers are identified as part of the GAWB's KMP, and these Ministers are the Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships, and the Minister for Natural Resources, Mines and Energy. Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. GAWB does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements for 2018, 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 GRC-nominated successor Mr Poya (PJ) Sobhanian was appointed to the Board on 15 September 2016.

Specified Executives

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

- Short term employee benefits, consisting of:
 - Salary, allowances and leave entitlements, expected to be used within 12 months, paid and provided to KMP during the year while they were a KMP, that were recognised as expenses in the Statement of Comprehensive Income;
 - Performance payments for the achievement of balanced organisational performance outcomes (meeting water needs, commercial results, corporate responsibility and capability), with bonuses capped at 15% of KMP remuneration recognised as an expense during the year; and
 - Non-monetary benefits in the form of salary packaging, including the provision of a motor vehicle (including the associated fringe benefits tax), less any business use cost.

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

- Long term employee benefits, consisting of long service leave paid.
- Post-employment benefits, consisting of superannuation contributions to accumulation funds and defined contribution plans.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide for notice periods and payments on termination only.

As at the date of management certification of these financial statements, the eligibility of KMP to a performance payment for the year ended 30 June 2018 had not yet been determined by the Board. Therefore, any performance payment approved by the Board will be reported as an expense within the 2019 financial year.

Director compensation included the following:

Directors	Appointment/ (Cessation) Date	Short term employee benefits Directors' fees	Post- employment benefits Superannuation	Total remuneration
		\$000	\$000	\$000
Mr Denis Cook (Chairman)	27 June 2014 Appointed Chairman on 1 January 2015			
2018		58	6	64
2017		58	6	64
Ms Patrice Brown	27 June 2014 (20 July 2017)			
2018		2	–	2
2017		28	3	31
Mr Malcolm Leinster	4 August 2011			
2018		30	3	33
2017		31	3	34
Cr Graham McDonald	27 June 2014 (15 September 2016)			
2018		-	-	-
2017		6	1	7
Cr Poya (PJ) Sobhanian	15 September 2016			
2018		–	–	–
2017		–	–	–
Mr John Orange	1 January 2015			
2018		32	–	32
2017		32	–	32
Total Remuneration				
2018		122	9	131
2017		155	13	168

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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

Position	Contract expiry date / (termination date)	Key executive management personnel compensation				Total remuneration
		Short term employee benefits		Non-monetary benefits	Post-employment benefits	
		Cash Salary	Separation payments			
		\$000	\$000	\$000	\$000	\$000
Mr D Barlow (CEO)	19 March 2023					
2018		106	–	–	5	111
2017		–	–	–	–	–
Mr H Barbour (CFO)	Tenure					
2018		238	–	3	22	263
2017		226	–	–	21	247
Mr J Tumbers (Chief Operating Officer)	Tenure					
2018		258	–	4	20	282
2017		236	–	1	20	257
Mr T Ward (Chief Engineer)	Tenure					
2018		226	–	–	21	247
2017		218	–	–	21	239
Mr J Grayson (CEO)	(31 March 2018)					
2018		302	330	30	21	683
2017		373	–	28	26	427
Total Remuneration						
2018		1,130	330	37	89	1,586
2017		1,053	–	29	88	1,170

No long-term employee benefits were paid to any directors.

Key executive management personnel performance bonuses

A performance bonus was paid on 13 October 2017 to the CEO, CFO, Chief Operating Officer and Chief Engineer. In the prior year, a performance bonus was paid on 29 September 2016 to the CEO, CFO, Chief Engineer and the Chief Operating Officer. Performance bonuses are recognised as an expense during the year they are paid.

	2018 Number	2017 Number
\$50,000 to \$59,999	1	–
\$40,000 to \$49,999	–	1
\$30,000 to \$39,999	–	–
\$20,000 to \$29,999	3	2
\$10,000 to \$19,999	–	–
\$0 to \$9,999	–	1
Total	4	4

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

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; and
- CQ Environmental Pty Ltd (trading as CQG Consulting), of which Ms P.A. Brown is the controlling shareholder and sole director.

GAWB entered into 13 transactions for the supply of goods and services to director related entities during the year (2017: 13 transactions) and 72 transactions for the purchase of goods and services (2017: 77 transactions). The aggregate amounts recognised in profit or loss during the year relating to directors and director related entities, other than directors' remuneration, comprise:

	2018 \$000	2017 \$000
Revenue		
Water revenue	16,686	15,667
Other income	–	101
	16,686	15,768
Expenditure		
Other expenses	387	328

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

Receivables

Trade receivables	1,449	1,356
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Payables

Trade creditors	14	–
Other payables and accruals	–	142
Total	14	142

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.

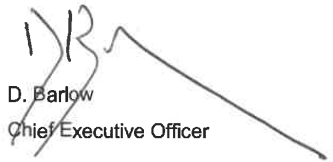
MANAGEMENT CERTIFICATION OF THE FINANCIAL STATEMENTS

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), sections 43 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with Section 62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Gladstone Area Water Board for the financial year ended 30 June 2018 and of the financial position of the Gladstone Area Water Board at the end of that year; and
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



D.J. Cook
Chair



D. Barlow
Chief Executive Officer



H. Barbour
Chief Financial Officer

Gladstone Area Water Board
23 August 2018

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GAWB



INDEPENDENT AUDITOR'S REPORT

To the Board of Gladstone Area Water Board

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2018, and its financial performance and cash flows for the year then ended
- b) complies with *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2018, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

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

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

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

Other information

Other information comprises the information included in the entity's annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon.

The Board is responsible for the other information.

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

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



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

I have nothing to report in this regard.

Responsibilities of the entity for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report.

However, future events or conditions may cause the entity to cease to continue as a going concern.

- 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 2018

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



Vaughan Stemmett
as delegate of the Auditor-General

31 August 2018

Queensland Audit Office
Brisbane

APPENDIX TWO – GOVERNMENT BODY SUMMARY

Name of Government body: Gladstone Area Water Board					
Act or instrument	Water Act 2000 – Section 1084				
Functions	Principally the ownership, management, operation and maintenance of dams, treatment plants, pipelines and other bulk water distribution infrastructure, hatchery and dam recreational areas and any other occupation incidental thereto				
Achievements	Refer to Overview from the Chair (pages 4 & 5)				
Financial reporting	Financial results are presented in the financial statements. GAWB is not exempt from a financial statement audit by the Auditor-General				
Remuneration					
Position	Name	Meetings/sessions attendance	Approved annual, sessional or daily fee	Approved sub-committee fees if applicable	Actual fees received ¹
Chair	Denis Cook	Board: 15 Audit Committee: 4	\$55,000 pa	\$3,000 pa	\$58,000
Director	Malcolm Leinster	Board: 15 Audit Committee: 4	\$27,500 pa	\$3,000 pa	\$30,500
Director	John Orange	Board: 15 Audit Committee: 4	\$27,500 pa	\$4,000 pa	\$32,000
Director	Poya (PJ) Sobhanian	Board: 13	Nil	Nil	Nil
Director	Patrice Brown	Board: 0	\$27,500 pa	Nil	\$2,115
No. scheduled meetings/sessions	Board: 15 Audit Committee: 4				
Total out of pocket expenses	\$4,506				

¹ Actual fees received include approved fees plus superannuation of 9.5%, except for one director who was appointed on a contractual basis.

APPENDIX THREE – COMPLIANCE CHECKLIST

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	• A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	Page 2
Accessibility	• Table of contents	ARRs – section 9.1	Page 3
	• Glossary		Page 69
	• Public availability	ARRs – section 9.2	Page 1
	• Interpreter service statement	<i>Queensland Government Language Services Polley</i> ARRs – section 9.3	Page 1
	• Copyright notice	<i>Copyright Act 1968</i> ARRs – section 9.4	Page 1
	• Information Licensing	<i>QGEA – Information Licensing</i> ARRs – section 9.5	Departments Only
General Information	• Introductory Information	ARRs – section 10.1	Pages 6 – 7
	• Agency role and main functions	ARRs – section 10.2	Pages 6 – 7
	• Operating environment	ARRs – section 10.3	Pages 12 – 21
Non-financial performance	• Government’s objectives for the community	ARRs – section 11.1	Pages 12 – 21
	• Other whole-of-government plans/specific Initiatives	ARRs – section 11.2	Not applicable
	• Agency objectives and performance Indicators	ARRs – section 11.3	Pages 7 – 22
	• Agency service areas and service standards	ARRs – section 11.4	Pages 7 – 22
Financial performance	• Summary of financial performance	ARRs – section 12.1	Pages 10 – 11 & 22
Governance – management and structure	• Organisational structure	ARRs – section 13.1	Pages 26 – 27
	• Executive management	ARRs – section 13.2	Pages 26 – 27
	• Government bodies (statutory bodies and other entities)	ARRs – section 13.3	Appendix 2
	• <i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	Not applicable
	• Queensland public service values	ARRs – section 13.5	Page 7
Governance – risk management and accountability	• Risk management	ARRs – section 14.1	Page 25
	• Audit committee	ARRs – section 14.2	Page 25
	• Internal audit	ARRs – section 14.3	Page 25
	• External scrutiny	ARRs – section 14.4	N/A – No significant findings or issues identified by external reviewers
		• Information systems and recordkeeping	ARRs – section 14.5
Governance – human resources	• Workforce planning and performance	ARRs – section 15.1	Page 20 & 27
	• Early retirement, redundancy and retrenchment	Directive No.16/16 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	Departments & Public Service Offices only
Open Data	• Statement advising publication of information	ARRs – section 16	Page 25
	• Consultancies	ARRs – section 33.1	Page 25
	• Overseas travel	ARRs – section 33.2	Page 25
	• Queensland Language Services Policy	ARRs – section 33.3	Departments & participating statutory bodies only
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 17.1	Page 65
	• Independent Auditor’s Report	FAA – section 62 FPMS – section 50 ARRs – section 17.2	Page 64 – 65

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

GLOSSARY

Board	GAWB's Board of Directors
CCF	Community Consultative Forum
CRP	Customer Representative Panel
CSS	Contingent Supply Strategy
Department	Department of Natural Resources, Mines and Energy
ECM	TechnologyOne Electronic Content Management
EIS	Environmental Impact Statement
ERA	Environmentally Relevant Activities
GAWB	Gladstone Area Water Board
GPCL	Gladstone Ports Corporation Limited
GRC	Gladstone Regional Council
ICT	Information and Communication Technologies
KPM	Key Performance Measure
LCMP	Lifecycle Maintenance Plan
LTI	Lost Time Injury
MDQ	Maximum Daily Quantity
Minister	Minister for Natural Resources, Mines and Energy
ML	Megalitres
ML p.a.	Megalitres per annum
QCA	Queensland Competition Authority
Recreational Strategy	Lake Awoonga Recreational Strategy
ROL	Awoonga Dam Supply Scheme Resource Operating Licence
SWP	Strategic Water Plan
Water Act	<i>Water Act 2000 (Qld)</i>