Unitywater

ANNUAL REPORT

2011–2012

Unitywater

About this report

The Unitywater Annual Report 2011-2012 has been prepared in accordance with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and the *Annual Report Guidelines for Queensland Government Agencies.*

To meet State Government reporting requirements and to ensure sustainable practices, a limited number of this report were printed.

We encourage interested individuals or groups to view the report online and/or download a copy from **www.unitywater.com/annualreport**

Where this is not possible, a small number of copies are available from our Customer Service Counters at 33 King Street, Caboolture and 8-10 Maud Street, Maroochydore, between the hours of 8.30am and 4.30pm, Monday to Friday.

As consistent with our Environmental Management Policy, all printed copies were produced using environmentally responsible stock (see back cover for details).

For further information or assistance with this annual report please contact:

Manager Communications and Marketing
Phone: 1300 0 UNITY (1300 086 489)
Email: community@unitywater.com

Interpreter

Unitywater is committed to providing accessible services to Queensland residents from all culturally and linguistically diverse backgrounds. If you have difficulty understanding the Annual Report and require an interpreter please contact the Translating and Interpreting Service (TIS National) by telephoning 131 450.

Unitywater
Ground floor, 33 King Street, Caboolture, Qld
PO Box 953, Caboolture Qld 4510
Phone: 1300 0 UNITY (1300 086 489)
General and account queries: 8.30am – 5pm weekdays
Faults and emergencies: 24 hours, 7 days a week
Fax: 07 5431 8288
www.unitywater.com

Unitywater Annual Report 2011-2012

ISSN 1838-5788

Contents

Our profile

A year of delivering value

Unitywater's second year of operation has firmly focussed on delivering value to our customers, our community and the environment.

By building on the successes of the previous year, where we created a solid foundation for the future of the business, our 2011-2012 priorities have been to:

- provide benefits through a whole of region approach to investment in water and sewerage infrastructure
- minimise cost increases to customers
- deliver innovative capital solutions
- seek cost efficient environmental solutions
- continue to deliver savings through rationalisation, efficiency reviews and leveraging investment in new systems, and
- ensure long term sustainability by balancing network and business risks and customer outcomes.

Following the State Government election in March 2012, reform of South East Queensland's water and sewerage industry continued.

Despite the changing and at times uncertain landscape in which we operate, Unitywater has not wavered in its commitment to create a sustainable, industry-leading, community and customer oriented water and allied services business.

This annual report provides information about our financial performance for 2011-2012 and gives an overview of our major highlights and our performance against corporate objectives, strategies and targets.

Key achievements

- Invested $171.5 million in critical water, sewerage and support infrastructure projects to maintain our service standards, meaning that Unitywater now operates infrastructure assets with a total value of $2.7 billion.
- Outlaid more than $151 million on providing services to customers and maintaining our extensive water and sewerage network.
- Delivered $47.5 million in participation returns to Moreton Bay and Sunshine Coast Regional Councils, in addition to $96 million in tax and interest payments on participation loans.
- Announced a price freeze for most services* for 2012-2013, made possible by improved operational efficiencies and economies of scale.
- Introduced in-arrears quarterly billing for all customers.
- Introduced a new Trade Waste Policy and started implementing a whole of region user-pays approach to the disposal and pricing of trade waste.
- Completed upgrades to Burpengary East and South Caboolture Sewage Treatment Plants to improve sewage treatment quality and cater for future growth.
- Implemented strategies, such as our Inflow and Infiltration Program, to better protect community and environmental health by preventing sewage overflows.
- Received the International River Foundation's 2011 National Riverprize, in partnership with Sunshine Coast Rivers Initiative, for excellence in sustainable river basin management.
- Achieved international management system certification in key business areas: *ISO 9001 – Quality Management Systems* and *ISO 14001 – Environmental Management Systems*.
- Migrated council data into new and improved information and communication systems, enabling us to be more efficient, transparent and responsive.
- Prepared a draft Water and Wastewater Network and Services Plan (Netserv Plan), which will be our key tool for strategic planning, compliance and continual improvement.
- Worked closely with other South East Queensland water supply and sewerage service providers to develop standardised policies and codes for the design and construction of infrastructure.

*With the exception of trade waste, recycled water, developer charges and a small number of miscellaneous fees and charges.

Chairman's report

Unitywater has made substantial progress towards consolidating the business in 2011-2012 and advanced on the achievements of its first year of operations.

We have already started to realise tangible benefits from our whole-of-region approach to investing in and managing water supply and sewerage infrastructure.

Our efforts to identify savings through rationalisation, efficiency reviews and investment in new systems are delivering dividends to our customers, with a freeze on most Unitywater prices in 2012-2013.

At the same time, we continue to seek and deliver innovative, cost-effective capital solutions to meet the needs of a growing population and protect the region's reputation as a clean, green destination.

In 2011-2012, Unitywater has forged ahead with an extensive capital works program which includes significant investment in sewerage infrastructure to minimise the risk of overflows during future wet weather events. This investment will continue during the next financial year and beyond.

In addition, we have now achieved consistency with meter reading and billing processes across the Moreton Bay and Sunshine Coast regions and remain committed to aligning tariffs, fees and charges in these two council areas, with greater emphasis on user-pays principles.

Unitywater has met its statutory obligations in the past 12 months, and is in the process of finalising its Water and Wastewater Network and Services Plan (Netserv Plan) to comprehensively chart operational practices, growth and investment strategies for the organisation.

We have also provided a financial return to our owner councils, as required under the Participation Agreement.

Our challenge now is to ensure long-term sustainability by carefully balancing network and business risks.

As we implement strategies to achieve this aim, the Board's focus at all times will be to ensure Unitywater provides outstanding customer service and continues to deliver high quality, reliable, affordable water supply and sewerage services.

Jim Soorley
BArts (Psych),
MArts (Org Psych), AM

Unitywater Chairman

31 August 2012

CEO's report

Unitywater has achieved much since it commenced operations on 1 July 2010 and remains committed to providing value to our customers, our community and the environment.

While our first year concentrated on establishing the business and addressing the inefficiencies of multiple legacy systems, our second year was primarily focussed on improving customer service and making our operations more efficient.

Providing high quality, affordable and sustainable water supply and sewage collection, transport and treatment services, while at all times striving to minimise cost increases for customers, requires an integrated whole of region approach.

During the year we made significant investments in critical infrastructure to maintain our service standards, meet stringent State Government environmental compliance requirements and cater for population growth.

Our regional approach to infrastructure investment allowed us to take advantage of the economies of scale and achieve major savings across the planning, procurement and delivery process.

The progressive introduction of new information management systems to replace multiple legacy systems is streamlining the way we do business, bringing greater efficiency, accuracy and transparency, and improved customer service.

These savings gained from rationalisation, standardisation, operational efficiencies and improved systems will be passed on to customers in 2012-2013, with a freeze on most Unitywater prices. We are very proud that we can deliver this outcome without compromising our extensive capital works program, 24 hour seven days a week services, or obligations to our participating councils.

Unitywater continues to move towards user-pays pricing principles, as prescribed under the National Water Initiative, and during the year we standardised most trade waste charges and commenced implementing a user-pays approach to the disposal of trade waste.

In response to customer feedback, in January 2012 we introduced a new meter reading and billing schedule. The change to in-arrears quarterly billing, with accounts now received within a few days of the meter read, reduces the risk of concealed leaks going undetected for long periods and will help prevent wastage and unexpected costs to customers.

Our Customer and Community Reference Group and our Business Advisory Group continued to be valuable platforms for addressing community concerns and sharing ideas and information about our services.

The development of a Netserv Plan (Water and Wastewater Network and Services Plan) has been a huge undertaking for our workforce over the past 12 months.

The comprehensive strategic planning document charts how we will prudently and efficiently plan, deliver and manage our services over the coming decades. Part A of the Netserv Plan will be released for public consultation in late 2012 and gives a transparent overview of who we are, what we do, and how we do it. We encourage constructive feedback from individuals and interested groups to ensure that the plan adequately communicates this key information.

Unitywater's commitment to the environment remains strong and involves innovative thinking and approaches to sewage collection, treatment and disposal. The development of a Sewage Overflow Abatement Strategy means that we are now on the front foot to better protect community and environmental health by minimising sewage overflows during wet weather events. The development of "green solutions" such as wetlands and forests to treat sewage are another example of our innovative approach.

Managing workforce capability and change has remained a priority as we consolidate our operations. A key achievement was the certification of the Unitywater Enterprise Bargaining Agreement in January 2012, which has standardised working conditions across our service region and creates the basis to build a flexible and adaptable workforce.

In May 2012 our founding CEO Jon Black resigned to join the State Government as Director-General for the Department of Energy and Water Supply. On behalf of all Unitywater staff I would like to acknowledge Jon's significant contributions and give special thanks to Jon, who guided the business admirably from its inception, creating a solid platform for future sustainable growth.

In the short time I have been Chief Executive Officer I have been impressed by the enthusiasm, commitment, passion, skills and expertise of our people. Our people make an enormous contribution to the community within the region and I would like to take this opportunity to acknowledge and thank them for their good work throughout the year. I would also like to thank the Board and Executive Management Team who have provided excellent advice, guidance and support. It's been appreciated.

The returns that Unitywater delivered to each of our participating councils are outlined in the financial statements within and were consistent with expectations. We will use retained profits to reduce borrowings, contribute to our investment in infrastructure and continue to provide value to our customers, our community and the environment.

I am honoured to have been chosen by the Board to lead Unitywater into the future and I look forward to the challenge of creating a sustainable, industry-leading, community and customer oriented water and sewerage business.

George Theo
Chief Executive Officer

31 August 2012

Our profile

Who we are and what we do

Unitywater is a statutory authority, jointly and wholly-owned by the Moreton Bay and Sunshine Coast Regional Councils.

We began operations on 1 July 2010 and were established as part of the Queensland Government water reform program. We distribute and retail water supplied from the South East Queensland Water Grid, which was created to secure and efficiently manage South East Queensland's water supplies.

We operate and maintain more than $2.7 billion of essential service infrastructure, supplying water and sewerage services to residential and business customers spread across 5223 sq km. Our service area stretches from Cooroy in the north to Samford in the south, Bribie Island in the east and Kenilworth in the west.

Twenty four hours a day, seven days a week, our priority is providing our customers with a high quality, safe and reliable water supply and sewerage service that is economically and environmentally sustainable.

On behalf of the Moreton Bay and Sunshine Coast communities we:

- maintain and supply drinking quality water to homes, businesses and public areas
- collect, treat and dispose of sewage
- produce and provide recycled water to commercial and residential customers
- manage trade waste from our business and industrial customers
- build, manage and maintain our water supply and sewerage infrastructure and assets
- provide around the clock response to water and sewerage emergencies
- manage customer and stakeholder enquiries
- issue and manage water supply and sewerage accounts
- provide returns to our participating councils.

We operate in one of the fastest growing regions of Australia, providing essential water supply and sewerage services to 16.3% of Queensland's population. With population in our service area expected to grow from approximately 750,000 in 2012 to more than 1.04 million by 2031, we need to conduct detailed forward planning to ensure we can maintain service standards and cater for growth while meeting stringent environmental requirements.

Unitywater is responsible for operating and maintaining:

WATER

277,342	Water connections
5542	km of water mains pipes
79	km of recycled water mains pipes
108	Water reservoirs
79	Water pump stations
54,103	Hydrants

SEWERAGE

252,028	Sewerage connections
5352	km of sewer mains pipes
777	Sewage pump stations
18	Sewage treatment plants
2	Recycled water plants

*Based on information available as at 30 June 2012

Our profile

How we do business

Unitywater remains committed to improving customer service, achieving operational efficiencies and providing high quality, affordable and sustainable water supply and sewerage services that provide benefits to our customers, our communities and the environment.

We are guided in our operations by a strong vision, a clear purpose and the values of safety, responsiveness and sustainability.

Our vision

To be a sustainable, industry leading, community and customer oriented water and allied services business.

Our purpose

To deliver water to customers and to collect, transport and treat their sewage.

Our values

SAFE

- We are committed to providing safe water supply and sewerage services.
- We have safety as a primary priority and believe it is the responsibility of all Unitywater staff.

RESPONSIVE

- We listen and respond to our customers' needs.
- We work cooperatively with our suppliers towards mutual benefit.
- We work with our regulators to meet their requirements.

SUSTAINABLE

- We promote a workplace where people are empowered and focus on continuous improvement.
- We are innovative in the delivery of our products and services.
- We make decisions that balance the best interests of the business, customers, staff, the community and the environment.
- We seek to understand and minimise our impact on the surrounding environment.

These guiding principles for how we conduct business are aligned with our Corporate Strategic Plan which charts our five year vision for the future, our objectives and our strategies. This plan allows us to measure and track our progress towards our objectives and vision.

In planning infrastructure to cater for growth, our Corporate Strategic Plan has broad synergies with the State Government's economic blueprint for Queensland*.

It also recognises our obligation to respond accordingly to the Council of Australian Governments' National Water Initiative which aims to achieve a more cohesive national approach to the way Australia manages, measures, plans for, prices and trades water.

*Prior to the change in government, the Corporate Strategic Plan was in alignment with the ambitions of the Labor Government's Toward Q2: Tomorrow's Queensland blueprint.

Our strategy

Unitywater's Strategic Plan 2011-2016 outlines the four key objectives designed to underpin our business and to drive best outcomes for our customers, communities and the environment:

Customer satisfaction

We will strive for excellence in customer service. We will proactively engage with our customers to understand their expectations and meet their needs.

OUR FOCUS:

- meet our customers' expectations
- positively influence our stakeholders and engage our community.

Integrated whole of region business

We will establish a solid foundation and realise operational efficiencies, improve customer service and maximise infrastructure return.

OUR FOCUS:

- deliver water supply and sewerage services
- consolidate operations
- integrate Information and Communications Technology systems.

Proud productive people

We will build an organisation that people want to belong to. This will ensure that we attract and retain the right people.

OUR FOCUS:

- zero harm
- develop a flexible and skilled workforce
- foster a commercial culture.

Sustainable value and growth

We will deliver strong financial performance through cost-effective delivery of services. Through proactive engagement and environmental respect we will seek out value adding opportunities.

OUR FOCUS:

- ensure long-term financial sustainability
- innovatively sustain our environment
- deliver innovative capital solutions.

Customer satisfaction

Key outcomes 2011-2012

- Continued building a strong customer-centric culture to ensure customer contact at all touch points is timely, professional, relevant and effective.
- Delivered against standards in our Customer Charter.
- Implemented a new customer service and billing system to meet legislative compliance and allow us to improve customer service.
- Improved our policies and procedures to make it easier for customers to do business with us.
- Introduced telephone and web-based self service options to allow more flexible account payment.
- Introduced in-arrears quarterly billing and a new meter reading schedule.
- Launched an online portal to provide customers and the community with information on major construction projects, water and sewerage main upgrades, and network maintenance and renewal projects.
- Simplified customer payment plans.
- Improved customer satisfaction survey results.
- Achieved capital expenditure savings through successful negotiation with regulators on alternative sustainable sewage treatment solutions.
- Achieved 100% compliance with Australian Drinking Water Guidelines.
- Achieved compliance with sewage treatment licence conditions.

Optimising the value we provide to customers has been front of mind for Unitywater during our second year of operation. Active engagement with our customers and stakeholders is helping to improve transparency and build trust and confidence.

During the year we answered more than 158,700 phone enquiries and responded to 29,185 written enquiries from our customers. We also had more than 12,000 stakeholder interactions, which included meetings, sewage treatment plant open days, phone calls, emails and letters.

Our Customer and Community Reference Group and Business Advisory Group continued to be valuable forums for gaining feedback on the needs of our customers and sharing information about our services.

We worked closely with the Sunshine Coast Council and community groups when developing a concept design for the wetlands area planned as part of the Maleny Sewage Treatment Plant upgrade. Community members were kept up to date with the progress of this groundbreaking project at an information stand at the Maleny Show in June 2012, which was visited by close to 300 interested locals.

Our interactive display at the Sunshine Coast Environment Council World Environment Day Festival helped educate the community about environmental initiatives and water efficiency tips.

The first full year of operation of our consolidated customer contact centre at Maroochydore brought cost savings and operational efficiencies. Of the 158,700 phone enquiries received during the reporting period, 74% of calls were answered within 60 seconds.

In 2012-2013 we will introduce a number of measures to further improve customer satisfaction. See page 25 for details.

Case study

WORKING TOGETHER TO PROTECT THE ENVIRONMENT

Through our proactive Inflow and Infiltration Program we continue to identify sources of inflow and infiltration that contribute to sewage overflows during wet weather events.

During the year we inspected 11,099 properties in 10 catchments that experienced wet weather overflows, checking for faulty plumbing and drainage and illegal connections to our sewerage network.

The program found 365 defects on private properties. Property owners have been advised to rectify these defects and the majority of these faults have been repaired. This ongoing program is just one of many initiatives being rolled out under our Sewage Overflow Abatement Strategy, to address sewage overflows.

Satisfied customers

Around the clock and across the region, whether in the field or from the office, Unitywater staff members respond to customers in a courteous, prompt and professional manner. Here's a small selection of some of the many favourable comments received from our customers:

"Last Thursday we placed a distress call as all of our tubs, basins and sinks were not draining. Within the hour Dean and Jim were on the job and fixed it with the minimum of ease. They were the most polite, courteous and well-mannered workmen I have come across in a long time. They turned what I thought was going to be horrible disaster, into the best experience ever. Many thanks." Kylie, Bray Park, 1 February 2012

"I called to change my mailing address and was very impressed with how prompt you were in helping with my request. I have called through to other companies and waited for up to an hour at times before being assisted. Thank you very much." Jodie, Caboolture South, 19 December 2011

"I called Unitywater to report a sewer blockage at our house. I was very impressed with the response. I spoke with a real person when I rang the number, who said another person would call me back within an hour. That did happen. He said the boys would be there within an hour to investigate. They arrived on time. The blockage was in the Unitywater system main behind our house. The boys found the sewer still filling up, and then used a jet (I think) to clear it out. Well done indeed to all involved." John, Caloundra 1 October 2011

Case study

BUILDING CLARITY AND CONFIDENCE

By talking to our customers, and through targeted research, we realised that some members of the community remained unclear about key aspects of Unitywater's operations. In 2012-2013 we will launch a 'Did you know?' advertising campaign to educate the community about our services and dispel some common misconceptions. The Fast Facts below are a taste of what customers can expect from this informative campaign:

DID YOU KNOW? – OUR SERVICES

Unitywater delivers water to your property and collects and treats YOUR SEWAGE. Sewerage charges make up approximately 50% of the water supply and sewerage account for the average customer.

DID YOU KNOW? – OUR OWNERS

Unitywater is wholly owned by the community through the Sunshine Coast and Moreton Bay Regional Councils. Any profits go to our owner councils to be invested back into the local community and to upgrade and build new water supply and sewerage infrastructure.

DID YOU KNOW? – CONCEALED LEAKS

Concealed leaks on the customer's side of the water meter caused by broken or cracked pipes are the responsibility of the property owner. This is the practice across Australia. Customers should keep an eye on their water usage by reading the meter regularly to check for leaks. More information is available at www.unitywater.com

Integrated whole of region business

Unitywater continues to take a whole of region approach to investment and management of water and sewerage infrastructure and business systems that create greater operational efficiencies.

Key outcomes 2011-2012

- Invested $171.5 million in critical water, sewerage and support infrastructure projects across the Moreton Bay and Sunshine Coast regions.
- Commenced implementing a whole of region user-pays approach to the disposal and pricing of trade waste under our new Trade Waste Policy. Implementation is due to be completed by 1 July 2013.
- Partnered in the development of the draft SEQ Design and Construction Code which will create a common set of standards for new water and sewerage infrastructure across South East Queensland.
- Achieved savings following the first full year of operation of the diversion of sewage from Brendale to Luggage Point. By paying Queensland Urban Utilities to treat sewage diverted from Arana Hills and Ferny Hills we have deferred an upgrade of the Brendale Sewage Treatment Plant (STP). This option has deferred approximately $65.6 million in spending for between five and nine years and is a good example of the water industry working collaboratively to achieve positive outcomes for the community.
- Prepared a draft Water and Wastewater Network and Services Plan (Netserv Plan), with Part A to go out for public consultation in late 2012.
- Launched a new system for customer service and billing that has streamlined the process for interacting with customers, resulting in quicker resolution of customer issues in most instances.
- Progressed the upgrade of our Supervisory Control and Data Acquisition system to work towards a single and consistent monitoring and control system for our entire water and sewerage network. The many benefits include better protection against sewage overflows, improved performance reporting and analysis, and increased reliability of service.
- Introduced an electronic document and records management system (eDRMS) and a geographic information system (GIS) to better handle, record and analyse information.
- Introduced a single asset management system to unite and better manage disparate information that was inherited from our two participating councils.
- Implemented GPS in all field vehicles across Unitywater with the intent to improve safety and efficiency of despatch.

Delivering critical infrastructure

In 2011-2012 we conducted a number of critical infrastructure projects to ensure compliance with environmental licence conditions, guarantee service standards and create capacity to support population growth in our region.

We completed the following major projects in 2011-2012:

- construction of the 8.7ML Buderim water reservoir to provide reliable water supply to the Kunda Park community
- upgrades of the South Caboolture STP and Burpengary East STP to better protect river health and cater for population growth
- upgrades valued at $24 million, of various sewage pumping stations and associated sewage mains across the region, to provide for increased demand due to population growth
- upgrading our water supply network to increase capacity and maintain a safe and reliable water supply.

During the year we commenced the following projects:

- construction of three new water reservoirs, two at Nambour and one at Kuluin which will provide an additional 27.4ML of storage capacity. Total value of these projects, to be completed in early 2013, is $7.4 million
- commenced work on three STP upgrades, due for completion in late 2012. The projects are at Brendale ($12 million), Cooroy ($19.3 million) and Woodford ($13.4 million)
- Unitywater, Sunshine Coast Regional Council and local community groups worked together to develop reforestation and wetland plans as part of the planned upgrade to Maleny STP. The total project is valued at $15.1 million.

Network maintenance and renewal

In addition to the above projects we invested $21.5 million in maintaining and renewing existing water and sewerage infrastructure to guarantee our service standards. Programs included:

- $7.6 million replacement of fire hydrants and valves to optimise flow rates and pressure for fire fighting
- $3.5 million replacement of water meters
- $3.1 million replacement of electrical control system switchboards
- $2.6 million relining of sewer pipes and manholes.

Meeting service standards 2011-2012

WATER

Parameter	Target	Achieved
Australian Drinking Water Guidelines compliance	>98%	99.9%
Drinking water quality complaints per 1000 connected properties/year	<10	3.3
Unplanned water supply interruptions per 100km/year	<10	2.4
Water main breaks and leaks per 100km/year	<25	8.9

SEWERAGE

Parameter	Target	Achieved
Odour complaints per 1000 connected sewerage properties	<3	1.0
Sewage treatment plant compliance	*>98%	98%
Dry weather sewage overflows per 100km of mains/year	<2.2	1.6
Sewer main breaks and chokes per 100km/year	<40	21

*Internal Target

Proud productive people

Unitywater continues to train and develop its staff to create a highly competent workforce with the optimal skills, knowledge, attitudes and behaviours to support the needs of our customers and our business.

During the year we introduced a number of new information and communications technologies for conducting our core business, and almost every member of staff underwent training to use these systems accurately and efficiently.

The capabilities of our people have also been enhanced through development opportunities such as the Water Industry Worker qualification and Productivity Places Program.

Unitywater's first Certified Agreement was finalised in January 2012, bringing consistency and equity to working conditions across our service region. The agreement has helped increase productivity through changed working arrangements such as field-based staff starting and finishing work on sites, and the introduction of an afternoon shift.

Key outcomes 2011–2012

- Established an apprenticeship program for electrical, instrumentation and control, and mechanical fitters. Of the nine positions offered in the first year, seven were filled by internal applicants.
- Participated in the Water Industry Worker program, which saw 44 staff members enrol in a Certificate III in Water Operations (Civil) and 11 enrol in a Certificate II in Water Operations (Civil). Of these, 23 completed their qualification during 2011-2012, with the remainder scheduled to finish in August 2012.
- Began the first phase of implementing a competency framework, in partnership with Skillstech, with four electrical staff up-skilling their instrumentation competency.
- Offered a vacation work program for undergraduate students in civil, electrical and environmental engineering, with five placements over the 2011-2012 summer period.
- Joined the Gateway to Industry schools program in partnership with Morayfield State High School, which gives the school resources to help deliver the curriculum for Certificate II in Sampling and Measurement to industry standards.
- Reduced the lost time injury frequency rate from 34.5 to 23.7 and we will focus on making considerable improvement in this area in the coming year.

Sustainable value and growth

Providing sustainable value to our customers, our community, and the environment is the guiding force behind the development of Unitywater's strategies, plans, policies and processes.

Through robust planning, review, analysis and research we seek to continually drive efficiencies, innovatively sustain our environment and investigate new business opportunities.

Key outcomes 2011-2012

- Delivered $143 million to participating councils, for reinvestment into services for their communities.
- Achieved international management system certifications: ISO 9001 Quality Management Systems and ISO 14001 Environmental Management Systems.
- Implemented actions to protect the environment under our five-year Environmental Management Strategy. These include ongoing involvement in the South East Queensland Healthy Waterways Partnership and reducing leakage from our water network through our leak reduction program.
- Completed an Environmental Management Report, with plans to produce and publicly release an annual environmental management report by 2013-2014.
- Invested in innovative wetlands projects at Maleny and Coolum Sewage Treatment Plants to protect waterway health and improve biodiversity.
- Developed a Fleet Management Strategy to determine the optimal level of plant and equipment for efficient business operations.
- Delivered a Property Management Strategy to gain best value from the property we own, lease and maintain.
- Formed a Research and Development Assessment Committee to evaluate the merit of proposed R&D projects.

Case study

REDUCING OPERATING COSTS AND EMISSIONS

To carry out operations, Unitywater needs a fleet of heavy and light vehicles and machinery. Our Fleet Management Strategy is helping us rationalise and standardise our fleet so we can use the optimal number and type of vehicles and equipment to deliver quality service and match industry benchmarks for fleet operation. As well as rationalising our fleet, we are progressively replacing all six-cylinder passenger vehicles with four cylinder, predominately diesel, vehicles. This initiative, to be completed by 2014, is already bringing significant fuel savings and reducing CO2 emissions. The strategy also assesses the economics of hiring versus owning machinery, with the aim of keeping costs down.

Our future

We have some significant targets for 2012-2013, which will deliver additional value to our customers, our community and the environment.

Investing in key capital projects to assure service standards, meet environmental compliance measures and cater for population growth

We will invest $124 million in critical infrastructure across the region in 2012-2013. Projects include:

- An upgrade of Kawana Sewage Treatment Plant (STP) to accommodate additional load from planned developments at Birtinya, Meridan Plains and the new Kawana Hospital complex. The total project cost is $9.9 million, with $7.8 budgeted for 2012-2013.
- A two-year upgrade of Nambour STP, totalling $44.5 million.

Delivering innovative capital solutions

We've worked closely with regulators to negotiate the use of alternative sustainable sewage treatment solutions that can deliver major savings and better outcomes for the environment. These include:

- An $11 million diversion project to transfer sewage from Suncoast STP to Maroochydore STP. This will facilitate the closure of the Suncoast STP and provide an overall saving to the community of $13 million.
- Introducing wetlands and irrigated forests as a lower cost, environmentally sustainable way of treating effluent from our sewage treatment plants. Work will commence on a staged $15.1 million upgrade to Maleny STP, including a reforested irrigation area and wetland. We are also developing a demonstration wetlands project at Coolum. (See case study on page 26).

Protecting the environment and community health

We are partnering with our participating councils in developing Total Water Cycle Management Plans that take a holistic approach to catchment management.

Our Sewage Overflow and Abatement Strategy was developed to identify and effectively address the causes of sewage overflows. The strategy includes an extensive program of investigations, flow gauging, modelling, and environmental and waterway monitoring. The proactive and industry leading approach includes an educational component to help residential customers recognise and rectify the plumbing and drainage factors that contribute to wet weather sewage overflows.

Dry weather sewage overflows will be reduced by a $1.2 million program to construct emergency sewage storage tanks, and $32 million will be spent on upgrading sewage pumping stations and associated infrastructure in 2012-2013.

In 2012-2013 we will continue to enhance our water supply network, investing $4 million in new water supply reservoirs, $18 million in water reticulation pipelines and $3.7 million in replacing water meters.

We are installing 200 new purpose built water sampling points across our service area, to better monitor drinking water quality and ensure continued compliance with *Australian Drinking Water Guidelines*.

Achieving savings through rationalisation, efficiency reviews and leveraging investment in new systems

Completion of our Supervisory Control and Data Acquisition (SCADA) upgrade will allow us to automatically monitor and control more than 850 water and sewage pumping stations across our network. This initiative will deliver savings, provide a safer working environment, improve response times and better protect the environment.

The construction of a Northern Service Centre at Maroochydore, scheduled for completion in December 2013, will bring multiple operational and financial efficiencies by consolidating nine Sunshine Coast field operations to one central location. The premises will house frontline staff carrying out critical routine maintenance and 24/7 emergency repairs to water and sewerage infrastructure.

Consolidating our Laboratory Information Management System will improve business performance, reduce operating costs and help us explore commercial revenue opportunities.

Planning for change and growth

Our Research and Development (R&D) Program includes R&D projects and trials, the exploration of emerging technology, innovation scanning, monitoring the latest scientific research, and ongoing involvement and partnerships with other water industry bodies and research facilities.

We have developed a Climate Change Strategy to help reduce our impact on the environment and adapt to climate change, and we monitor our greenhouse gas emissions and energy usage.

Our Sewage Treatment Strategy, currently under development, will examine innovative ways of turning sewage into valuable by-products, to provide better environmental outcomes, generate income and reduce costs to our customers.

Improving customer satisfaction

In 2012-2013 we will introduce more self service options, offering our customers greater flexibility for accessing information and paying accounts.

SMS messaging will allow us to quickly communicate critical information, such as unplanned outages, to our customers.

The use of integrated new systems to manage our network will enable us to improve our response to water and sewerage faults.

Ensuring long-term sustainability by balancing network and business risks and customer outcomes

Our Water and Wastewater Network and Services Plan (Netserv Plan), to be in place by 1 July 2013, will become Unitywater's primary tool for strategic planning, compliance and providing a process for continual improvement within the business. It includes specific plans for every area of our operations, ensuring we can deliver our services prudently and efficiently as requested by the Regulator.

Case study

AN ALTERNATIVE APPROACH TO SEWAGE TREATMENT

Our Demonstration Wetlands Project at Marsh Road, Coolum, aims to test and showcase the use of wetlands as an innovative and cost effective approach to effluent management. The $1.8 million project, to be completed in December 2012, will be closely monitored, with results applied to design low cost, environmentally sustainable treatment solutions for the future upgrade of the Coolum STP. This upgrade will increase the capacity of the treatment plant from 6 million litres a day to 9 million l/day, to cater for growth in the region.

Unitywater's $15.1 million Maleny STP upgrade, due for completion in late 2013, includes an irrigated forest and wetlands area within the Maleny Community Precinct. The concept design of this project involved close collaboration and engagement with the Sunshine Coast Council and local environmental and community groups. The wetlands and forest will assist local efforts to restore biodiversity and will provide a user-friendly public space which includes walking tracks and community planting zones.

The project will harness the wetlands' biological diversity to naturally break down remaining nutrients in effluent discharged from the Maleny STP, providing a positive impact on the health and water quality of Obi Obi Creek. The initiative will also increase the capacity of the plant to meet the needs of the community up until 2026.

Our structure

UNITYWATER BOARD

Jon Black
Chief Executive Officer (June 2010 - May 2012)

George Theo
Acting CEO (from 11 May 2012)

EXECUTIVE MANAGEMENT TEAM

Information and Communications Technology

Providing technology and systems across all Unitywater's operations, this division works collaboratively towards achieving business imperatives and goals

Mathew Thomas
Chief Information Officer

Finance and Regulatory Services

With a key focus on financial sustainability, this division undertakes pricing and strategic planning and manages economic regulation while ensuring financial control and performance management for Unitywater.

Pauline Thomson
Chief Financial Officer

Infrastructure Services Division

This division is the engine room and manages the provision, maintenance and operation of infrastructure for water supply and sewerage services.

George Theo
Chief Operating Officer (until 10 May 2012)

King Intrapaiboon
(Acting COO from 11 May 2012)

Retail

With customers and their needs at its core, the Retail Division incorporates customer service, communications and marketing, revenue assurance and business analysis.

Judy Bailey
Executive Manager Retail

Workforce Capability and Change

As the human resource specialists, this division supports staff through times of change and builds the capacity of our people to achieve Unitywater's business goals.

Bruce Highfield
Executive Manager Workforce Capability & Change (until 24 December 2011)

David Smith
Acting Executive Manager (from 24 December 2011)

Kenan Hibberd
(from 3 July 2012)

Business Support Services

This multi-faceted division provides administration, business sustainability and business services support as well as legal, risk and compliance services and coordination of the strategic consolidation program.

Glen Babington
Executive Manager Business Support Services

Board responsibilities

Unitywater is a statutory authority, jointly and wholly owned by the Moreton Bay and Sunshine Coast Regional Councils. We were established under the S*outh East Queensland Water (Distribution and Retail Restructuring) Act 2009* and commenced operation on 1 July 2010.

We operate in accordance with this Act and the *Northern SEQ Distributor-Retailer Authority Participation Agreement.*

An independent Board guides the organisation at the highest level and has the ultimate responsibility for how Unitywater performs its functions and exercises its powers.

The Board was appointed by the Moreton Bay and Sunshine Coast Regional Councils, in accordance with the Participation Agreement for Unitywater. The Board has the ultimate responsibility for how Unitywater performs its functions and exercises its powers.

The Board has the following responsibilities:

- setting the strategic direction of Unitywater
- ensuring Unitywater adheres to the Act and achieves the objectives set out in the Participation Agreement
- reviews and approves the strategic plan
- ensures Unitywater implements, monitors and reports at suitable intervals on the strategic and operational establishment plans
- approves the annual budget and mid to long-term financial forecasts, including operational and capital expenditure budgets
- ensures Unitywater's operational establishment plan and budget are supportive of the strategic plan
- monitors the performance of Unitywater against appropriate performance indicators
- delegates powers and authorities to the Chief Executive Officer, while reserving certain statutory and policy approvals to the Board
- reviews the performance of the CEO
- establishes and determines the powers and functions of Board committees
- approves Annual Financial Statements
- acts as an interface with the Moreton Bay and Sunshine Coast Regional Councils in relation to the requirements of the Participation Agreement
- sets prices.

A number of committees aid the Board in the execution of its duties:

Audit and Risk Committee

The Audit and Risk Committee assists the Board to achieve its corporate governance objectives by overseeing and guiding the management of safety risks, internal control systems (including risk management and internal auditing), independent external auditing, financial reporting and performance, insurance, and compliance.

The committee met quarterly and comprises Michael Arnett (Chair), Megan Houghton and Sharon Doyle.

Capital Works Committee

The Capital Works Committee reviews, oversees and reports to the Board on the appropriateness of Unitywater's capital works program of investment, including detailed review of the annual program of capital works and associated budget.

The committee met 10 times during the year and comprises Noel Faulkner (Chair), Michael Arnett and Jim Soorley.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee supports the Board by conducting detailed examination of the remuneration framework for all staff. It also assists the Board to meet its decision making obligations under the incentive framework for senior staff.

The committee met two times and comprises Sharon Doyle (Chair), Michael Arnett and Noel Faulkner.

Retail and Marketing Committee

The Retail and Marketing Committee supports the Board by overseeing the management of retail and marketing risks and by setting the policy and strategic direction for the retail and marketing functions of Unitywater.

The committee met four times and comprises Megan Houghton (Chair) and Jim Soorley.

The Executive Management Team, led by the Chief Executive Officer, delivers on corporate objectives.

Corporate governance

Our Board

Unitywater's independent skills based Board guides our Executive Management Team to fulfil its vision to create a sustainable, industry-leading, community and customer oriented water and allied services business.

The combination of Board members' qualifications, skills and experience ensures a strong commercial focus, with emphasis on identifying efficiencies across the organisation and passing on cost savings to customers.

Board members are appointed for a term of three years and are eligible for reappointment.

Under the Participation Agreement the performance of the Board is independently evaluated annually and reported to our participating councils.

One of the Board's major achievements during 2011-2012 was the announcement of a price freeze for most prices in 2012-2013, this significant result being achieved within two years of commencing operation. The price freeze was made possible by improving the way we do business, better tendering and procurement processes and bundling projects across the region.

Jim Soorley

CHAIRMAN

Jim was Lord Mayor of Brisbane from 1991 to 2003, presiding over an annual budget of $1.6 billion and a workforce of 7000.

He was elected four times before stepping aside after 12 years. Jim lists changing Brisbane from a city with a 'country town' mentality into a vibrant urban metropolis, without compromising its liveability, as one of his greatest achievements.

Sharon Doyle

Sharon has a wealth of international experience in merger, sale, acquisition and private equity processes across the infrastructure, resources and technology sectors.

Sharon is the Managing Director of the corporate advisory firm, InterFinancial, and has previously held leadership roles in national organisations in the software and professional services industries.

Megan Houghton

Megan has spent more than 15 years as a senior executive in the Australian energy and water industries, with high level experience in strategy development and financial and economic performance. Her roles have included Director of Price Waterhouse Coopers and head of strategy with Energex Retail. As CEO of Brisbane sustainability agency, CitySmart, she received the Telstra Queensland Business Woman of the Year Award in 2010.

Michael Arnett

Michael has been a practicing lawyer in the areas of corporate, mining and commercial law for more than two decades.

He was a former Partner and Chief Operating Officer of international law firm Deacons (now Norton Rose) and CEO of New Guinea Energy Limited from 2009-2011. He has extensive board and management experience both nationally and internationally.

Noel Faulkner

Noel has thirty years experience in utilities combined with ten years in government and has been involved in South East Queensland's regional water reforms since 2007.

Noel has held positions of Chief Executive Officer Queensland Urban Utilities, Chief Executive Officer Powercor Australia Ltd, Chief Executive Officer United Energy Ltd and Chief Executive Officer Capricornia Electricity as well as senior executive roles with Brisbane City Council.

Noel is also the Chairman of South East Queensland Bulk Water Company Limited and former non executive director of a number of other entities including Seqwater.

Executive Management Team

Unitywater's Executive Management Team leads the daily operations of Unitywater, and is headed by the Chief Executive Officer (CEO).

The team is firmly focussed on improving customer service, achieving operational efficiencies and providing high quality, affordable and sustainable water supply and sewerage services that provide benefits to customers, our community and the environment.

Jon Black

CHIEF EXECUTIVE OFFICER
(June 2010 – May 2012)

Jon draws on 30 years management experience and prior to his appointment was the CEO of the now disbanded whole of South East Queensland water and sewerage distribution business. He was the first Executive Director of The Council of Mayors, and spent 25 years in the army in command and management roles including Director of Training Management. Jon is a Director of the Water Services Association of Australia and resigned from Unitywater to take up an appointment as Director-General of the Department of Water and Energy Supply.

George Theo

CHIEF OPERATING OFFICER
(September 2010 - 10 May 2012)

Acting Chief Executive Officer (from 11 May 2012)

George brings more than 25 years' experience to Unitywater and a wealth of knowledge of the water industry through previous roles with global consulting company GHD and Brisbane Water. As General Manger of Network Planning and Services at Brisbane Water, George was responsible for the strategic planning and delivery of water and sewerage assets for one million residents.

King Intrapaiboon

ACTING CHIEF OPERATING OFFICER (from 11 May 2012)

King has spent 15 years in the water industry, starting his career as a consultant engineer with Hyder and GHD. A keen interest in providing essential community services prompted him to specialise in sewage treatment plant operations. Before taking up the Acting COO role King was Unitywater's Treatment Plants Branch Manager, overseeing the safe and efficient operation of 18 sewage treatment plants in the region.

Judy Bailey

EXECUTIVE MANAGER RETAIL

Judy has extensive executive management experience across diverse industries in major public and private sector environments.

Previously responsible for managing budgets up to $222 million, she has a successful track record in organisational strategy and change, business reform and the delivery of improved services to the community.

Pauline Thomson

CHIEF FINANCIAL OFFICER

Pauline is a Certified Practising Accountant and has more than 20 years accounting, finance and regulatory experience from retail, distribution and transmission entities across the energy sector. Prior to joining Unitywater, Pauline spent 10 years with Energex in a range of senior commercial, finance and accounting roles.

Bruce Highfield

EXECUTIVE MANAGER WORKPLACE CAPABILITY AND CHANGE

Bruce has more than 25 years experience in human resources across the chemical, plastics, explosives, health and consumer goods industries. Prior to joining Unitywater, Bruce worked for several years at Virgin Blue airlines where he was the founding General Manager for Human Resources.

Bruce resigned on 24 December 2011 and was replaced by Kenan Hibberd in July 2012.

Mathew Thomas

CHIEF INFORMATION OFFICER

Mathew has worked in Information Communications Technology (ICT) management for more than 15 years, with 10 of those years spent in the energy and utility sector. As ICT manager for Hunter Water, Mathew delivered more than $20 million in ICT capital projects over three years and implemented service management, program management and governance frameworks.

Glen Babington

EXECUTIVE MANAGER BUSINESS SUPPORT SERVICES

Glen has a background in large field-based organisations in defence and mining, along with strategic planning and marketing experience in the aerospace industry.

Before joining Unitywater he worked for the SEQ Distribution Entity and Queensland Urban Utilities.

Corporate governance

Risk management and accountability

At Unitywater we are committed to integrity, transparency and accountability in managing risk and complying with mandatory legislative requirements in line with our corporate and operational objectives.

Our business-wide approach to indentifying, prioritising and managing risks underpins our commitment to good management and corporate governance. Our approach is aligned with the framework outlined in ISO 310002009 *Risk Management – principles and guidelines*.

The Board created an Audit and Risk Committee which consists of Michael Arnett (Chair), Megan Houghton and Sharon Doyle. The committee is responsible for assisting the Board to discharge its corporate governance responsibilities to exercise due care, diligence and skills on:

- reporting financial information
- applying accounting policies
- maintaining the independence of Unitywater's auditors
- financial management
- internal control systems including internal audit and assurance
- risk management
- industrial relations
- workplace health and safety compliance with applicable laws and regulatory requirements.

The Executive Management Team is responsible for implementing the treatments required to ensure risks are managed within the Board's directed risk tolerances, and reports to the Audit and Risk Committee on the effectiveness of internal control systems in managing Unitywater's risk profile.

Unitywater is conscious of its public standing and ethical and legal responsibilities, including provisions under the *Public Sector Ethics Act 1994, Public Interest Disclosure Act 2010* and *Crime and Misconduct Act 2001*.

Our workforce

We have designed our workforce strategy in line with our values and our vision, aiming to act safely, responsively and sustainably while creating an industry-leading community and customer oriented water supply and sewerage business.

Workforce planning

Because our workforce is getting older, we established an ageing workforce strategy that will help retain the accumulated knowledge of our longer serving workers and transition this extensive knowledge base to newer staff members.

Some of the strategies being employed to retain knowledge and workforce capability include:

- an apprenticeship program in key skills shortage areas
- a work experience program for secondary school students, to start in 2012-2013
- a graduate program for key engineering disciplines
- providing opportunities for employees to gain relevant industry qualifications
- a competency framework that fills skills gaps and lays out a clear career path for all staff members.

We encourage employees to develop their careers in a number of ways, both formally and informally. This year two staff members travelled overseas to complete world-leading training in environmental sustainability and control systems security. Closer to home, staff members have completed work experience with Victorian water and sewerage utility, Yarra Valley Water.

Case study

FIELD SERVICES GAIN FROM YARRA VALLEY WATER EXPERIENCE

In May 2012, three of our Field Services staff went down to Melbourne to take part in a 'work shadowing' week with our industry peers, Yarra Valley Water to learn new working practices that could potentially be adopted by Unitywater.

Yarra Valley Water is the largest of Melbourne's three water retail/distribution businesses, providing water supply and sewerage services to over 1.7 million people and over 50,000 businesses. In contrast to Unitywater, Yarra Valley's network maintenance has been conducted under contract by Lend Lease since 2000.

Senior Plumber, Dean O'Brien, spent the week with a crew doing both reactive maintenance and planned shutdowns and found learning different work techniques very refreshing. Plumber, Chris Heinnen said that he was most impressed by the organisation's facilities and equipment, which he said was a glimpse of where Unitywater is heading.

Field Services Manager, Robert Stringfellow spent the week shadowing Lend Lease Contracts Manager, Graeme Orr, to experience how Yarra Valley Water's managers work with their staff. It was Robert's second trip to Yarra Valley Water, which he says continues to be a great source of learning for Unitywater staff.

Attraction and retention

Unitywater's commitment to training and development gives us a key advantage in attracting and retaining staff. In 2011-2012 each employee received an average of 50 hours training in the use of new and improved ICT systems to deliver better service to our customers.

Unitywater's attention to workplace utility and safety also assists with staff retention. We make sure that the tools and equipment our people use is fit for purpose and we have standardised all personal protective equipment to enhance safely. By progressively replacing our ageing fleet with purpose-built work trucks we have made it easier for our field crews to conduct their work safely and productively.

Consolidating our premises, such as moving staff from our southern area into a centralised depot and office facility in Brendale, and relocating stores from Petrie to Morayfield, are other measures that have improved efficiency and enhanced working conditions.

Employee performance management framework

Our performance management system aims to support and develop employees throughout their time with Unitywater.

All new staff members receive a full-day induction on their first day, as well as a site safety induction and other more specific induction as required. Performance goals are documented in Performance and Development Plans, then translated into skills gap training plans and/or professional development opportunities.

During the year Unitywater established a formal Reward and Recognition process, where staff members can nominate individuals or teams for a job well done, in particular for their commitment to achieving Unitywater's key performance indicators such as safety, customer service, project delivery or environmental sustainability. Certificates of appreciation are presented each month by the Board and Executive Management Team, and recipients are then eligible for an annual CEO Award or Employee of the Year award. We recognised more than 80 staff for their contributions during 2011-2012.

Flexible working arrangements and work-life balance

Unitywater's Certified Agreement is the framework for providing flexible working arrangements. Voted in by more than three quarters of our staff, it provides standard working arrangements, with provision for other flexible arrangements as agreed between employees and their managers. Work options include full time, part time, casual, job sharing and work from home.

Unitywater also offers leave provisions that accommodate the planned and unplanned events that occur in our employees' lives.

Leadership and management development framework

This year, Unitywater continued rolling out its Active Leader framework for leadership and management. The focus was on consistent decision making and common processes for managing tasks and teams, and included a practical component of teamwork and problem solving. Our supervisory and frontline staff members were given the opportunity to complete a Certificate IV in Frontline Management.

Industrial and employee relations framework

Unitywater successfully negotiated its first Certified Agreement, which was voted in during November 2011 and certified by the Industrial Relations Commission on 18 January 2012.

Our consultative mechanism has evolved into a Joint Consultative Committee comprised of staff and union representatives. This group meets once every four months to discuss the progress of implementation of aspects of the Certified Agreement.

Workforce statistics 2011-2012:

Full time equivalents	876
Permanent retention rate	90.8%
Permanent separation rate	9.2%

Corporate governance

Our operations

Information systems and record keeping

Under the Public Records Act 2002, Unitywater is required to make and keep full and accurate records of its activities in accordance with the record keeping standards and policies issued by the Queensland State Archives.

During the reporting period we successfully introduced an electronic Document and Records Management System (eDRMS) to support our progressive approach to compliance with the Information Standard IS 40 Record Keeping. This system allows us to capture and archive records in an electronic format.

Our record keeping program is documented through our policies and procedures. We intend to develop record keeping tools such as the Business Classification Scheme and a sector specific retention and disposal schedule, and to undertake an IS 40 compliance survey.

We proactively communicate with all staff about their record keeping obligations and this is done through training workshops, individual training, and the use of fact sheets.

Complaints Management

In 2011-2012 Unitywater successfully worked with our customers to resolve issues about our service. A total of 75 matters were referred to the Energy and Water Ombudsman of Queensland for review. All of these complaints were deemed to have been appropriately handled, following Unitywater's documented policies and procedures.

Consultancies

Unitywater engaged consultants for a range of projects and specialised activities during 2011-2012:

Category	$000
Infrastructure and maintenance planning	2,266
Organisational efficiency reviews	265
Engineering and design	248
Risk, safety and workforce advice	199
Financial and taxation advice	57
Economic regulation	41
Total consultancies	**3,076**

Overseas travel

Total expenditure on overseas travel for the reporting year was $1,760. This was incurred by a staff member who travelled to the United States of America to attend the Industrial Control Systems Advanced Cyber Security Conference. The funding of this trip was sponsored by the Federal Government.

Access to information

Unitywater is committed to providing the community with greater access to information and is proactive in its approach to comply with relevant legislation.

Details of information that we make available to the public are published on the Publications Scheme page on our website: www.unitywater.com/publications-scheme

The Right to Information Act 2009 (RTI) gives the public a right of access to information held by government agencies unless, on balance, it is contrary to the public interest to provide that information. The Act aims to make information available, provide equal access to information across all sectors of the community, and provide appropriate protection for individuals' privacy.

The Information Privacy Act 2009 (IPA) aims to provide for the fair collection and handling of personal information in the public sector and to provide a right for individuals to access and amend their personal information held by public sector entities.

Those interested in accessing information held or generated by Unitywater can visit **www.unitywater.com/right-to-information**

RTI/IPA applications received during 2011-2012	7
Applications finalised during 2011-2012	6
Applications subject to internal review	1

Financial performance

Like any business, Unitywater needs to be financially sustainable in the long term in order to deliver reliable, high quality services to our current and future customers.

Our pricing structure must provide for the maintenance, compliance, improvement and growth of our water supply and sewerage networks, and fund the adoption of lower lifecycle cost tools and technologies that will provide the best outcomes for our customers, stakeholders and the environment.

In 2011-2012 we outlaid more than $151 million on providing services to customers and maintaining our extensive water and sewerage network. A further $171.5 million was invested in critical water and sewerage infrastructure projects to maintain our service standards, meaning that Unitywater now operates a total of $2.7 billion in infrastructure assets.

We use robust business case processes to ensure prudent and efficient spending, and our pricing is monitored by the Queensland Competition Authority to justify transparency and accountability.

In April 2012 Unitywater announced a price freeze for 2012-2013, deciding not to raise prices by the permitted CPI increase of 1.3% for residential and small business customers, as allowed under State Government legislation *(Fairer Water Prices for SEQ Amendment Act 2011)*. The freeze applies to all Unitywater prices with the exception of trade waste, recycled water, development fees and a small number of miscellaneous fees and charges.

During the year we actively pursued a range of measures to improve operational efficiencies and help us provide our services at the least cost, while still delivering returns to participating councils, as required under the *Northern SEQ Distributor Retailer Authority Participation Agreement*.

Unitywater's 2011-2012 profit was $63.7 million, which was below our $68.6 million profit in 2010-2011, largely due to lower contributions from developers.

Unitywater receives cash and non-cash contributions from developers when new developments require extensions or expansions to our network. In the case of non-cash contributions, developers pay for installing the infrastructure then transfer ownership of these assets to Unitywater, who becomes responsible for their maintenance. Developer contributions are recognised as revenue, but are intended to fund growth infrastructure.

In 2011-2012, total contributions from developers (cash and non-cash) were $71.7 million, $22.8 million less than the previous year. This figure included $39.7 million in non-cash asset contributions (down from $55.1 million in 2010-2011).

Of Unitywater's profit, $47.5 million (compared with $45 million in 2010-2011) was returned to Moreton Bay and Sunshine Coast Regional Councils by way of participation returns. These returns contribute towards the provision of social infrastructure within each region.

Participation returns to councils were in addition to $95.7 million in tax and interest payments on participation loans, bringing the total provided to councils to $143.2 million.

Unitywater retained $16.2 million of profits in 2011-2012 to reduce borrowings, contribute to our investment in infrastructure and continue to provide value to our customers, our community and the environment.

2011-2012 Financial overview

Category	$ million
Total income	488
Total expenses	408
Total non-current assets	2,871
Total non-current liabilities	1,435
Net assets	1,462
Net operating cash flow	85

Key financial ratios

Ratio	Formula	Value
Current ratio (times)	Current Assets/Current Liabilities	1.19
RoTA (%)	Return on total assets = EBIT/average total assets	5.7%
ROE (%)	Return on equity = Net profit/equity	4.4%
Net debt to equity ratio (%)	Net debt = (Loans and borrowings less cash)/equity	94.1%
Net debt/debt + equity (%)	Net debt = (Loans and borrowings less cash)/ (loans and borrowings + equity)	47.9%
EBITDA interest cover (times)	Earnings before interest, tax and depreciation, amortisation and impairment/borrowing costs	2.75

Financial statements

CONTENTS

BOARD MEMBERS REPORT

The Board of The Northern SEQ Distributor-Retailer Authority trading as Unitywater (the "Authority") is pleased to submit this annual financial report of the Authority for the financial year ended 30 June 2012. The Board Members report is as follows:

Board

The names of the Board Members in office at any time during, or since the end of, the year are:

- Jim Soorley – Chairman
- Michael Arnett
- Sharon Doyle
- Megan Houghton
- Noel Faulkner (appointed 11 September 2011)

These Board Members have been in office since the start of the financial year to the date of this report, unless otherwise stated.

Please refer to the Board profiles' section of the Unitywater Annual Report 2011-12 for details of Board Members' qualifications, experience and special responsibilities.

Principal activities

The principal activities of the Authority during the financial year were water supply and sewage collection, transport and treatment services to the Moreton Bay and Sunshine Coast communities.

Operating results

The profit of the Authority after providing for income tax equivalent expense, amounted to $63,654,762 (2011: $68,645,637).

Review of operations

A review of the Authority's operations during the financial year and the results of those operations are contained in the Unitywater Annual Report 2011-12.

The State Government asked the Participating Councils to confirm their positions on the current water and sewerage distributor-retailer model, with Unitywater as their owner and provider by 18 May 2012. The Sunshine Coast Regional Council and Moreton Bay Regional Council have confirmed their intention to remain with the Authority and retain the current arrangements for the retail and distribution of water supply and sewerage services.

Events after the reporting period

In the opinion of the Board Members there has not been any item, transaction or event of a material or an unusual nature that has arisen between the end of the financial year and the date of this report that is likely to significantly affect the operations of the Authority, the results of those operations or the state of affairs of the Authority, in future financial years.

Future developments

The Authority will continue to pursue its policy of delivering high quality and affordable water supply and sewerage services for customers in the Sunshine Coast and Moreton Bay regions.

The *Clean Energy Future Bill (2011)* introduced a Carbon Pricing Mechanism effective 1 July 2012. The Authority has assessed its CO2 equivalent emissions and has determined that it is not liable for the Carbon Tax directly. Various input costs related to the distribution of water, collection and treatment of water and sewage are expected to increase as carbon tax is passed through from suppliers.

Environmental regulations

The Authority's operations are subject to environmental regulations under both Commonwealth and State legislation.

The Authority's Board maintains oversight of key environmental risks and obligations and is committed to achieving a high standard of environmental performance. The Board has established appropriate governance arrangements in relation to the environment.

The Authority is responsible for the regular monitoring of environmental exposures, review of incident trends, environmental initiatives, endorsement of recommendations for environmental improvement policies, programs and investments, as well as compliance with environmental regulations.

Participation returns

Participation returns paid or declared by the Authority during the 2011-12 financial year were:

	Total amount 2012 $000	Total amount 2011 $000
Final participation return – operating profits	47,483	45,000

Refer to Note 27 of the financial statements for details of participation returns paid or payable.

Board Members' benefits and interests in contracts

Between 1 July 2011 and 30 June 2012, no Board Member has received or become entitled to receive a benefit, other than those benefits disclosed in Note 33 of the financial statements.

Indemnification of Board Members and Officers

Indemnification of Board Members of the Authority

The Authority has agreed to indemnify Jim Soorley, Sharon Doyle, Megan Houghton, Michael Arnett and Noel Faulkner, being current Board Members of the Authority, and other former Board Members of the Authority, against all liabilities to another person (other than the Authority or a related body corporate) that may arise from their position as a Board Member of the Authority, except where the liability arises out of conduct involving a lack of good faith or liability against which the Authority is not permitted by law to exempt or indemnify the Board Member in accordance with the *South East Queensland Water (Distribution and Retail Restructuring) Act 2009*.

Indemnification of Board Members of the Authority and Officers appointed to external boards and committees

The Authority has agreed to indemnify any Board Members or Officers who are nominated by the Authority's Board to represent the Authority on external boards and committees to the extent as follows:

- Indemnities provided to former Board Members continue for seven years following their resignation from that position, in accordance with the terms of the deed of indemnity.
- Other Officers appointed to external boards and committees are indemnified in accordance with the terms of the Authority's Directors' and Officers' Liability insurance policy.

Insurance premiums

Premiums have been paid on policies of insurance for former and current Board Members and Officers. Disclosure of the nature of the liability covered by and premiums paid under these contracts of insurance is prohibited by the terms of the insurance contracts.

Board Members' meetings

The numbers of meetings of the Authority's Board Members and each Board Committee held and attended by each Board Member during the year ended 30 June 2012 were:

UNITYWATER	BOARD MEETINGS		COMMITTEE MEETINGS							
			Audit and risk		Retail and marketing		Nominations and remuneration		Capital works	
Board Members	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Jim Soorley – Chairman	9	9	–	–	4	4	–	–	10	10
Michael Arnett	9	9	4	4	–	–	2	2	9	10
Sharon Doyle	9	9	4	4	–	–	2	2	–	–
Megan Houghton	8	9	3	4	4	4	–	–	–	–
Noel Faulkner (appointed 11 Sep 2011)	7	8	–	–	–	–	1	1	7	8

Remuneration of Board Members and executives

Refer to Note 33 of the financial statements for details of Board Members' and executives' remuneration.

Rounding of amounts

Amounts in the financial report and Board Members' report have been rounded to the nearest thousand dollars, unless otherwise stated.

Jim Soorley
Chairman
Unitywater

27 August 2012
Caboolture, Queensland

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 $'000	2011 $'000
Income			
Utility charges	4	390,622	350,868
Fees and charges	5	8,914	10,348
Developer contributions	6	71,683	94,439
Grants and subsidies	7	5,806	10,044
Interest revenue		3,015	2,551
Other income	8	8,130	5,454
Total income		**488,170**	**473,704**
Expenses			
Bulk water purchases		(91,030)	(67,661)
Employee expenses	9	(72,489)	(66,124)
Supplies and services	10	(72,943)	(73,053)
Depreciation and amortisation	18,19	(76,629)	(82,909)
Impairment losses	18	-	(152)
Finance and borrowing costs	11	(89,744)	(86,915)
Other expenses	12	(5,215)	(6,111)
Total expenses		**(408,050)**	**(382,925)**
Profit before income tax equivalent		**80,120**	**90,779**
Income tax equivalent expense	13	(16,465)	(22,134)
Profit for the year		**63,655**	**68,645**
Total comprehensive income for the year		**63,655**	**68,645**

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Notes	2012 $'000	2011 $'000
Current assets			
Cash and cash equivalents	14	32,992	69,707
Trade and other receivables	15	122,286	77,451
Inventories	16	2,418	2,378
Other assets	17	1,273	508
Total current assets		**158,969**	**150,044**
Non-current assets			
Property, plant and equipment	18	2,847,273	2,736,226
Intangible assets	19	23,794	3,731
Total non-current assets		**2,871,067**	**2,739,957**
Total assets		**3,030,036**	**2,890,001**
Current liabilities			
Trade and other payables	20	109,157	84,736
Loans and borrowings	21	8,223	7,687
Employee benefits	22	12,122	6,410
Other liabilities	23	3,646	5,298
Total current liabilities		**133,148**	**104,131**
Non-current liabilities			
Loans and borrowings	21	1,400,307	1,314,529
Employee benefits	22	13,151	10,309
Deferred tax liabilities	24	21,874	15,648
Total non-current liabilities		**1,435,332**	**1,340,486**
Total liabilities		**1,568,480**	**1,444,617**
Net assets		**1,461,556**	**1,445,384**
Equity			
Contributed equity	25	1,434,782	1,434,782
Retained earnings	26	26,774	10,602
Total equity		**1,461,556**	**1,445,384**

The Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Retained earnings $'000	Contributed equity $'000	Total $'000
Balance at 1 July 2010		**(13,043)**	**-**	**(13,043)**
Contributions by owners of the Authority	25	-	1,434,782	1,434,782
Participation return to owners of the Authority	27	(45,000)	-	(45,000)
Total contributions by and distributions to owners of the Authority		**(45,000)**	**1,434,782**	**1,389,782**
Profit for the year		68,645	-	68,645
Total comprehensive income for the year		**68,645**	**-**	**68,645**
Balance at 30 June 2011		**10,602**	**1,434,782**	**1,445,384**
Participation return to owners of the Authority	27	(47,483)	-	(47,483)
Total distributions to owners of the Authority		**(47,483)**	**-**	**(47,483)**
Profit for the year		63,655	-	63,655
Total comprehensive income for the year		**63,655**	**-**	**63,655**
Balance at 30 June 2012		**26,774**	**1,434,782**	**1,461,556**

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 $'000 Inflow (Outflow)	2011 $'000 Inflow (Outflow)
Cash flows from operating activities			
Receipts from customers		343,840	324,893
Developer contributions		40,771	26,952
Government grants and subsidies		5,806	4,663
Interest received		2,964	2,551
GST		20,063	24,244
Payments to suppliers		(168,424)	(144,579)
Employee expenses		(64,061)	(63,498)
Finance and borrowing costs		(89,021)	(64,031)
Income tax equivalent		(6,899)	(7,355)
Net cash provided by operating activities	14(b)	**85,039**	**103,840**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		937	809
Payments for property, plant and equipment		(137,443)	(165,438)
Payments for intangibles		(23,832)	(2,389)
Payment for establishment costs		-	(7,668)
Net cash used in investing activities		**(160,338)**	**(174,686)**
Cash flows from financing activities			
Borrowings from Queensland Treasury Corporation		144,795	125,000
Borrowings from Participating Councils		-	42,000
Borrowing redemptions		(58,482)	(5,435)
Participation return payments		(47,729)	(21,012)
Net cash provided by financing activities		**38,584**	**140,553**
Net increase (decrease) in cash and cash equivalents		(36,715)	69,707
Cash and cash equivalents at beginning of financial year		69,707	-
Cash and cash equivalents at end of financial year	14(a)	**32,992**	**69,707**

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Reporting Authority

The Northern SEQ Distributor-Retailer Authority trading as Unitywater (the "Authority") is a Queensland statutory body under the *Financial Accountability Act 2009* and under the *Statutory Bodies Financial Arrangement Act 1982* and has been established under the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009* (The Restructuring Act).

The Authority is controlled by an independent Board under the *Northern SEQ Distributor-Retailer Authority Participation Agreement* and *The Restructuring Act* on behalf of its two participating Councils, Moreton Bay Regional Council and Sunshine Coast Regional Council.

The Authority expires at the end of 99 years from when it was established on 3 November 2009 and the Participants become the successor in law of the assets and liabilities in accordance with their participation rights at the expiry date of the Northern SEQ Distributor-Retailer Authority.

The Participant's total initial contribution to the Authority has been calculated using a regulatory asset base (RAB) valuation approved by the Queensland Government to represent the market value of the business. The assets, liabilities, and employees of the Participant Councils water distribution and sewerage operations were transferred to the Authority as a result of the Act on 1 July 2010.

The Authority is a "for profit" entity and is required to provide commercial returns to its Participants per the Participation Agreement based on each Participants share of the RAB, comprising debt and participation rights as agreed by the Councils and the Authority.

The Authority's primary activities in the local government areas of Moreton Bay and the Sunshine Coast Regional Councils include:-

a) purchase of water from the water grid manager;

b) distribution of water;

c) provision of water and sewerage services to customers;

d) charge customers for these relevant services; and

e) manage customer enquiries, service requests and complaints.

2. Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with:

- applicable *Australian Accounting Standards (AASBs)* (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB);
- the *Financial Accountability Act 2009*;
- the *Financial and Performance Management Standard 2009*;
- Queensland Treasury's *Financial Reporting Requirements for Queensland Government Agencies* (as applicable to statutory bodies);
- *Statutory Bodies Financial Arrangement Act 1982*; and
- other authoritative pronouncements.

The financial statements were authorised for issue by the Board on 27 August 2012.

2. Basis of preparation (continued)

(b) Basis of measurement

The financial statements have been prepared on an accrual basis and are based on historical costs except for the following:

- financial instruments are measured at fair value; and
- water and sewerage infrastructure assets including associated land and buildings are carried at fair value. Fair value is estimated using an income approach based on discounted future cash flows. In assessing fair value on this basis, a number of key assumptions are made and are discussed in Note 18.

The methods used to measure fair values are discussed further in Note 3.

(c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Authority's functional currency. Amounts included in the financial statements have been rounded to the nearest thousand dollars, unless disclosure of the full amount is specifically required.

(d) Going concern

These financial statements have been prepared on a going concern basis.

(e) Use of estimates and judgements

The preparation of financial statements requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. 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.

In particular, information about significant areas of estimation, uncertainty 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) (i)	Utility charges
Note 3(c)	Finance and borrowing costs
Note 3(g) (iii)	Asset valuation
Note 3(i)	Impairment
Note 3(l)	Employee benefits
Note 3(o)	Income tax equivalents

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Revenue

Revenue is measured at the fair value of the consideration received or receivable net of the amount of goods and services tax (GST). Revenue is recognised when the amount can be reliably measured and it is probable that future economic benefits will flow to the Authority.

(i) Utility charges

Utility charges are recognised as revenue on an accrual basis in the period to which they relate. The Authority invoices Moreton Bay and Sunshine Coast customers quarterly. The Authority accrues for volumetric water revenue based upon historical usage patterns for the period between the date of the last water meter reading and the end of the reporting period. The Authority accrues for access charges based upon each customers access fees for the number of days from the last billing period to the end of the reporting period.

(ii) Fees and charges

Revenue from fees and charges is recognised as revenue upon delivery of service to the customers. This revenue consists of fees and charges for applications, information searches, connections, disconnections, inspections, testing and issuing permits.

(iii) Developer contributions

The Authority finances part of its capital works infrastructure program through non-refundable contributions from developers which are applied to the cost of these works. These contributions received may be in the form of a non-cash contribution (assets) and/or a cash contribution.

Non-cash contributions (Assets)

Non-cash contributions from developers such as water and sewerage infrastructure are recognised as revenue and as non-current assets when the Authority obtains control of the assets and becomes liable for any ongoing maintenance. These contributed assets are recognised at their fair value.

Cash contributions

Non-refundable cash contributions from developers towards the cost of water supply and sewerage infrastructure is collected by Participating Council's on behalf of the Authority and transferred to the Authority when received. Cash contributions have been recognised as income when received or receivable.

(iv) Grants and subsidies

Unconditional Government grants and subsidies are recognised as revenue on receipt or when it is probable that the economic benefits will flow to the Authority and the value of that benefit can be reliably measured.

(v) Interest revenue

Interest revenue is recognised as it is earned.

(vi) Other income

Revenue from rendering of a service is recognised as revenue upon the delivery of the service to the customers. Lease income from operating leases where the Authority is the lessor is recognised in income on a straight line basis over the period of the lease. Insurance proceeds and compensation revenue are recognised as revenue when received.

3. Significant accounting policies (continued)

(b) Bulk water purchases

Bulk water purchases consist of water purchased from the SEQ Water Grid Manager which is the sole supplier of bulk water to the Authority. The price that the Authority must pay for bulk water purchases was set by the Queensland Water Commission. Bulk water purchases are recognised as an expense in the period that the water is consumed.

(c) Finance and borrowing costs

Finance and borrowing costs comprise:

- interest expense on bank overdrafts, short-term and long-term borrowings; and
- bank fees and charges.

Finance and borrowing costs are recognised as an expense using the effective interest method in the period in which they arise. Finance and borrowing costs that are not settled in the period in which they arise are added to the carrying amount of the borrowing. Finance and borrowing costs directly attributable to a specific capital project that takes more than twelve months to prepare for its intended use, are added to the cost of those assets.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, cheques receipted but not banked, deposits held on call, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are reported as part of short-term borrowings in current liabilities in the Statement of Financial Position and are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

(e) Receivables

Trade and other receivables are recognised at amounts due at the time of sale or service delivery. Trade receivables are generally due for settlement 30 days from invoice date. Other receivables are due in accordance with their contractual terms.

Collectability of trade receivables is reviewed on an ongoing basis with provision being made for impairment as a proportion of the age of the debt. Individual debts that are uncollectable are written off when identified. Movements in the provision for impairment are recognised as an expense in that period. All known bad debts were written-off at 30 June 2012.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition. Inventory is reviewed on a regular basis to recognise obsolescence, slow moving inventories and damaged goods. Any write down of inventories are recognised as an expense.

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Items of property, plant and equipment with a total value in excess of the following thresholds are recognised in the year of acquisition:-

3. Significant accounting policies (continued)

(g) Property, plant and equipment (continued)

Asset Type	Threshold
Land	$1
Buildings	$5,000
Plant and equipment – fleet	$5,000
Plant and equipment – other	$1,000
Infrastructure	$1

Infrastructure assets are defined as a group of separately identifiable assets which, when considered together, are operating to achieve the objectives of the provision of a particular service.

All infrastructure assets deemed to form part of a major network (for example water supply and sewerage services) will be recorded as an asset regardless of the cost of the individual asset.

(i) Acquisition of property, plant and equipment

Acquisitions of property, plant and equipment are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including engineering design fees and all other establishment costs.

(ii) Capital and operating costs

Wage and materials expenditure incurred in the acquisition or construction of assets is treated as capital expenditure. Routine operating maintenance and repair costs to maintain the operational capacity of the asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

Costs incurred subsequent to the initial asset purchase are capitalised when the expenditure improves the condition of the asset beyond its originally assessed standard of performance or capacity.

(iii) Asset valuation

Each class of property, plant and equipment is carried at fair value or cost, less where applicable, any accumulated depreciation and impairment losses. Fair value is measured in accordance with *AASB 116 Property, Plant and Equipment* and Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector and is defined as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Water and sewerage infrastructure assets are measured at fair value using an income approach based on discounted future cash flows. Valuations are undertaken annually to ensure that the carrying value of the assets does not differ materially from that which would be determined using fair value at the end of the reporting period. As the fair value using an income approach did not differ materially from carrying value for these assets the Board determined to leave the infrastructure assets at their carrying value.

Land and building assets include properties utilised for warehousing and logistics purposes and field response activities. These properties are equipped with specialised facilities to meet the specific needs of the infrastructure services operations. As these land and building assets are integral in supporting the operation of the water and sewerage infrastructure assets and form part of the regulated asset portfolio subject to price monitoring regulation, they are included as water and sewerage infrastructure assets at 30 June 2012.

Other property, plant and equipment and work in progress are carried at cost. The carrying amount for these assets at cost should not differ materially from their fair value.

3. Significant accounting policies (continued)

(g) Property, plant and equipment (continued)

(iv) Capital work in progress

The cost of property, plant and equipment being constructed includes the cost of purchased services, materials, direct labour, borrowing costs and an appropriate proportion of overheads attributable to bringing assets into service. Borrowing costs were not capitalised in the prior financial year as the amount was considered to be immaterial.

(v) Depreciation

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use. Land is not depreciated as it has an unlimited useful life.

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of each item of property, plant and equipment.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset.

Major spares purchased specifically for particular assets are capitalised and depreciated on the same basis as the asset to which they relate.

Depreciation methods, estimated useful lives and residual values of property, plant and equipment are reviewed annually and adjusted if appropriate.

The estimated useful lives for each class of depreciable assets are:

Class of fixed asset	Useful life
Buildings and land improvements	20 – 60 years
Infrastructure assets	
Water infrastructure assets	10 – 80 years
Sewerage infrastructure assets	15 – 150 years
Plant and equipment	
Motor vehicles	2 – 4 years
Heavy equipment	4 – 15 years
Office and IT equipment	5 years

(vi) Gains and losses on disposals

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the asset at the time of disposal. These gains and losses are included in the Statement of Comprehensive Income.

3. Significant accounting policies (continued)

(h) Intangible assets

Intangible assets with a cost greater than $1,000 are capitalised. Subsequent expenditure is capitalised when it increases the future economic benefits embodied in the specific asset to which it relates.

Intangible assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

(i) Computer software

Costs associated with the development and implementation of new systems and computer software have been capitalised and are amortised on a straight-line basis over its estimated useful life.

The cost of internally generated computer software includes the cost of all materials, direct labour, other directly attributable costs, borrowing costs and an appropriate proportion of overheads attributable during the development of the software.

(ii) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The useful lives of intangible assets are reviewed annually and adjusted if appropriate.

The estimated useful lives are:

Class of intangible asset	Useful life
Computer software	5 - 10 years

(i) Impairment

The carrying amounts of the Authority's non-current assets are reviewed annually to determine whether there is any indication of impairment. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount.

The recoverable amount of an asset is the higher of its net selling price (fair value less costs to sell) and the value to be realised through using the assets (value in use). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The fair value of the Authority's assets has been estimated using an income based approach and assessed against recoverable amount - refer to Note 18.

Impairment losses are recognised as an expense unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant asset to the extent available.

An impairment loss is reversed when there is an indication the impairment loss may no longer exist and there has been a change in the estimate 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.

3. Significant accounting policies (continued)

(j) Payables

Trade and other payables represent the value of goods and services provided to the Authority prior to the end of the financial year that remain unpaid. Trade and other payables are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase price less any applicable discounts. Amounts owing are unsecured and are generally settled on 30 day terms or as contractually required.

(k) Financial instruments

Financial instruments are recognised initially at fair value when the related contractual rights or obligations exist. Subsequent to initial recognition these financial instruments are measured as described below.

Financial assets are derecognised if the contractual rights to the cash flows from the financial assets expire or if the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset are transferred. Financial liabilities are derecognised if the obligations specified in the contract expire or are discharged or cancelled.

Financial instruments are classified and measured as follows:

- Cash and cash equivalents - held at fair value through profit or loss;
- Receivables - held at amortised cost;
- Payables – held at amortised cost; and
- Borrowings - held at amortised cost.

Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, and then subsequently held at amortised cost using the effective interest method. Any borrowing costs are added to the carrying amount of the borrowing to the extent that they are not settled in the period in which they arise.

Principal repayments for debt funding with Queensland Treasury Corporation and the Participating Councils are due at the end of the life of the loans as per their terms and conditions. Principal repayments for the working capital facilities are made throughout the life of the facility in accordance with the schedule of repayments.

The Authority does not enter into transactions for speculative purposes, or for hedging. Apart from cash and cash equivalents, the Authority holds no financial assets classified at fair value through profit or loss.

(l) Employee benefits

A liability is recognised for benefits accruing to employees for salaries and wages, annual leave, leave in lieu, vesting sick leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Current liabilities recognised for employee benefits expected to be settled within twelve months are measured at their nominal value using current remuneration rates and related on-costs.

A non-current liability is recognised for employee benefits where there is an unconditional right to defer settlement for more than twelve months. The benefits are measured at the present value of the estimated future cash flows to be made by the Authority for services provided by employees up to the end of the reporting period. These cash flows are discounted using rates attaching to government bonds at the end of the reporting period which most closely match the terms of maturity of the related liabilities.

3. Significant accounting policies (continued)

(l) Employee benefits (continued)

(i) Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

(ii) Annual leave

A liability for annual leave accrued up until the end of the reporting period is recognised and is based on current salary and wage levels and includes related employee on-costs.

(iii) Leave in lieu

A liability for leave in lieu is accrued up until the end of the reporting period and represents the amount unpaid at the reporting date at current pay rates and includes related employee on-costs.

(iv) Sick leave

The Authority has both vesting and non-vesting sick leave.

Vesting sick leave entitlements accumulated to some employees that transferred from Moreton Bay Regional Council with seven or more years of service. These employees are entitled to a one-off payment for a percentage of their unused sick leave. The liability is classified as current as all eligible employees have reached the required length of service and can elect to have their entitlement paid out. The liability is measured at current pay rates and related on-costs.

Prior history indicates that on average, non-vesting sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused non-vesting sick leave entitlements is recognised. An expense is recognised for this leave as taken.

(v) Long service leave

A current liability is recognised for long service leave entitlements when staff have achieved the required seven years of service. The liability is calculated at undiscounted amounts based on current remuneration rates and related on-costs that the Authority is obligated to pay as at reporting date. Amounts that the Authority does not have a present obligation to pay as at the reporting date are discounted to present value.

A non-current liability is recognised for long service leave entitlements for staff who have not yet achieved seven years of service. This liability is calculated using current remuneration rates, projected future remuneration rates and related on-costs. The estimates are adjusted for the probability of the employee remaining in the Authority's employment and the result is discounted to present value.

(vi) Superannuation schemes

The Authority contributes to LG Super for employees under both defined benefit scheme and accumulation superannuation scheme. The Authority has no liability to or interest in LG Super other than the payment of the statutory contribution. Contributions are expensed when incurred. Refer to Note 28.

(vii) Key executive management personnel and remuneration

Key executive management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by the Queensland Treasury Department. Refer to Note 33.

3. Significant accounting policies (continued)

(m) Leases

Leases in which the Authority assumes all of the risks and rewards of ownership are classified as finance leases. The Authority as a statutory body cannot enter into a finance lease without the approval of the Queensland Treasurer and at the end of the reporting date had no finance leases.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases and are not recognised in the Authority's Statement of Financial Position. Operating lease payments are expensed in the period incurred and is representative of the pattern of benefits derived over the lease term.

(n) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (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 cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flow on a gross GST basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(o) Income tax equivalents

The Authority is subject to the Local Government Tax Equivalents Regime (LGTER). Under the LGTER the Authority is required to make income tax equivalent payments to the Participating Councils in accordance with the requirements of its Participation Agreement.

Income tax equivalent expense comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, at tax rates applicable to the income tax year, less any instalments paid and any adjustment to tax payable in respect of the previous year.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse. A deferred tax asset is recognised for unused tax losses, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and deferred tax liabilities have been offset as there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the Authority.

3. Significant accounting policies (continued)

(p) Participation returns

The Participating Councils (Moreton Bay and Sunshine Coast Regional Councils) are required by the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2010* (The Restructuring Act) to enter into an agreement (a Participation Agreement) to determine each entity's Participation Rights in the Authority. The Participation Agreement specifies the Participants' Rights to participate in a distribution of profits of the Authority in proportion to the percentage set out next to the Participants name in the Register of Participation Rights.

During the period from 15 March to 15 April in each financial year the Authority must give to the Participants-

(i) An estimate of the Authority's net profit for the financial year; and

(ii) The amount of the Participation return to be paid for the financial year, including the amount payable for different Participation Rights.

A provision is made for the amount of any Participation return declared by the Board on or before the end of the financial year but not distributed at the end of the reporting period. A liability for Participation return payable is recognised in the reporting period in which the returns are declared for the entire undistributed amount.

The final Participation return for the year ended 30 June 2012 was declared on 27 June 2012. Refer to Note 27 for details on Participation return payments.

(q) Comparatives

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(r) New and revised accounting standards

The Authority did not voluntarily change any of its accounting policies during 2011-12. Australian accounting standard changes applicable for the first time for 2011-12 has had minimal effect on the Authority's financial statements, as explained below.

As a result of *AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* for amendments to AASB 7, effective from reporting periods beginning on or after 1 January 2011, the Authority has made minor amendments to disclosures regarding credit risk exposure.

The Authority is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department. Consequently, the Authority has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The Authority applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the expected impacts of new or amended Australian accounting standards with future commencement dates are as set out below.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (effective 1 July 2012). On adoption of this standard, the Authority will be required to itemise "Other Comprehensive Income" in the Statement of Comprehensive Income according to whether or not it is subsequently re-classifiable to the operating result.

3. Significant accounting policies (continued)

(r) New and revised accounting standards (continued)

AASB 13 Fair Value Measurement and *2011-8 Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013 and applied prospectively).

AASB 13 sets out a new definition of "fair value", as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of the Authority's assets and liabilities that are measured and/or disclosed at fair value. The potential impacts of *AASB 13* relate to the fair value measurement methodologies used, and the type of information disclosed in the notes to the financial statement. The Authority is yet to determine which, if any, of its current measurement techniques will have to change as a result of the new standard. It is therefore not possible to state the impact, if any of the new requirements on any of the amounts recognised in the financial statements.

AASB 9 Financial Instruments (December 2010) and *AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9* (December 2010) (effective 1 January 2013 and applied retrospectively). The impact of these standards will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Assuming no change in the types of transactions the Authority enters into, it is expected that, all of the Authority's financial assets will be required to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in notes 3(k) and 29. As the Authority's current receivables are short-term in nature, their carrying amount is expected to be a reasonable approximation of fair value.

Changed disclosure requirements will apply once *AASB 9* becomes effective. A number of one-off disclosures will be required in the 2013-14 financial statements to explain the impact of adopting *AASB 9*. Assuming no change in the types of financial instruments, the ongoing disclosure impacts are expected to be minimal.

Revised *AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* and *AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements* (effective 1 January 2013 and applied retrospectively). Given the Authority's circumstances, implications for the Authority are that the revised standard clarifies the concept of "termination benefits", and adjusts the recognition criteria for liabilities for termination benefits. These changes could affect the timing of recognition of termination benefits for the Authority. Impacts of these changes for the Authority are expected to be minimal.

The revised *AASB 119* also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. Currently, the Authority is unable to account for its Defined Benefits Fund as a defined benefits plan in accordance with *AASB 119* as the Local Government Superannuation Scheme (Qld) is unable to account to the Authority for its proportionate share of the defined benefit obligation, plan assets and costs (refer note 28). If these circumstances do not change, these standard changes with have no impact on the Authority's current disclosures.

AASB 1053 Application of Tiers of Australian Accounting Standards (effective 1 July 2013). *AASB 1053* establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two tiers of reporting requirements – Australian Accounting Standards (commonly referred to as "tier 1"), and Australian Accounting Standards – Reduced Disclosure Requirements (commonly referred to as "tier 2"). Pursuant to *AASB 1053*, the Authority has the option to adopt tier 2 requirements for general purpose financial statements. The Authority does not intend to adopt tier 2 reporting requirements, therefore, the release of *AASB 1053* and associated amending standards will have no impact on the Authority. All other Australian Accounting Standards and Interpretations with future commencement dates are either not applicable to the Authority's activities, or have no material impact on the Authority.

4. Utility charges

	2012 $'000	2011 $'000
Water charges	193,760	160,255
Sewerage charges	196,862	190,613
	390,622	**350,868**

5. Fees and charges

	2012 $'000	2011 $'000
Permits and licenses	5,187	4,775
Connection fees	1,727	3,556
Other fees and charges	2,000	2,017
	8,914	**10,348**

6. Developer contributions

	2012 $'000	2011 $'000
Developer contributions – assets	39,691	55,132
Developer contributions – cash	31,992	39,307
	71,683	**94,439**

7. Grants and subsidies

	2012 $'000	2011 $'000
State government grant (Queensland)	40	4,663
Subsidies	5,766	5,381
	5,806	**10,044**

8. Other income

	2012 $'000	2011 $'000
Private works	4,110	3,115
Rent revenue	1,053	459
Other revenue	2,908	1,880
Profit on disposal of property, plant and equipment	59	-
	8,130	**5,454**

9. Employee expenses

	2012 $'000	2011 $'000
Salaries and wages	60,358	56,058
Employer superannuation contribution	6,125	5,329
Payroll tax	3,179	2,842
Board Members fees	325	314
Other employee expenses	2,502	1,581
	72,489	**66,124**

The number of employees including both full time and part time employees measured on a full time equivalent basis are:

Number of employees	876	835

10. Supplies and services

	2012 $'000	2011 $'000
Materials and services	68,399	65,478
Consultants and legal fees	4,162	7,177
Other supplies and consumables	382	398
	72,943	**73,053**

In 2012, consultants are classified according to the Queensland Government Procurement Policy definition.

11. Finance and borrowing costs

	2012 $'000	2011 $'000
Interest costs	93,492	86,350
Interest costs - capitalised	(4,346)	-
Other financial costs	598	565
	89,744	**86,915**

Borrowing costs of $1,824,929 were not capitalised to qualifying projects in the prior financial year as the amounts were considered to be immaterial.

12. Other expenses

	2012 $'000	2011 $'000
Insurance	1,721	2,032
Audit fees	521	380
Regulatory fees	651	729
Impairment of trade receivables	2,051	1,752
Loss on disposal of property, plant and equipment	-	920
Other	271	298
	5,215	**6,111**

Audit fees are for both external and internal audit. For details of external audit fees, refer to Note 36.

13. Income tax equivalents

	2012 $'000	2011 $'000
Income tax equivalents recognised in Statement of Comprehensive Income		
Current tax expense		
Current income tax charge	10,230	6,486
Adjustments for current income tax of prior year	9	-
Current tax expense	10,239	6,486
Deferred tax expense		
Current income tax charge	6,234	19,561
Adjustments for current income tax of prior year	(8)	(3,913)
Deferred tax expense	6,226	15,648
Total income tax equivalent expense	**16,465**	**22,134**
Reconciliation of effective tax rate		
Profit (loss) before income tax equivalent	80,120	90,779
Income tax equivalent expense at 30%	24,036	27,234
Recognition of previously unrecognised temporary differences	-	(2,841)
Recognition of previously unrecognised deferred tax assets for losses	-	(1,072)
Non deductible expenses	6	4
Change in unrecognised temporary differences subject to initial recognition exemption	(7,577)	(1,191)
Income tax equivalent expense	**16,465**	**22,134**

14. Cash and cash equivalents

(a) Cash and cash equivalents

	2012 $'000	2011 $'000
Cash on hand	4	4
Bank balances	32,988	59,674
Short term deposits	-	10,029
Cash and cash equivalents in the Statement of Cash Flows	**32,992**	**69,707**

(b) Reconciliation of cash flows from operating activities

	2012 $'000	2011 $'000
Cash flows from operating activities		
Profit for the year	63,655	68,645
Adjustments for:		
Depreciation	74,160	82,456
Amortisation of intangible assets	2,469	453
Donated assets	(39,691)	(55,132)
(Profit) loss on sale of property, plant and equipment	(59)	920
Impairment losses on property, plant and equipment	-	152
Impairment losses on trade receivables	2,051	1,752
Change in assets and liabilities		
Change in trade and other receivables	(49,156)	(57,762)
Change in inventories	(40)	346
Change in GST receivable	12,399	20,459
Change in trade and other payables	3,897	2,604
Change in provisions and employee benefits	5,065	1,285
Change in interest payable	723	22,883
Change in income tax provision	9,566	14,779
Net cash provided by operating activities	**85,039**	**103,840**

15. Trade and other receivables

	2012 $'000	2011 $'000
Current		
Trade debtors	118,952	62,075
Less: Provision for impairment	(3,500)	(1,635)
	115,452	60,440
GST receivable	3,149	3,786
Receivables from Participating Councils	3,627	12,356
Income tax equivalent receivable	-	869
Other receivables	58	-
Total	**122,286**	**77,451**

Trade debtors are interest bearing once they become due. Receivables from Participating Councils consists of developer contributions collected by the Participating Councils that are payable to the Authority and other minor receivables.

Movements in the provision for impairment loss		
Balance at 1 July	1,635	-
Increase in allowance	1,865	1,635
Balance at 30 June	**3,500**	**1,635**

16. Inventories

	2012 $'000	2011 $'000
Stores	2,418	2,378
Total	**2,418**	**2,378**

17. Other assets

	2012 $'000	2011 $'000
Current		
Prepayments	1,273	508
Total	**1,273**	**508**

18. Property, plant and equipment

(a) Carrying amount

	Land	Buildings	Infrastructure	Plant and equipment	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2012						
Gross Carrying amount	48,370	11,575	2,745,979	34,748	163,130	3,003,802
Accumulated depreciation	-	(339)	(149,846)	(6,192)	-	(156,377)
Accumulated impairment losses	-	-	(152)	-	-	(152)
Carrying amount	**48,370**	**11,236**	**2,595,981**	**28,556**	**163,130**	**2,847,273**
2011						
Gross Carrying amount	48,202	10,730	2,493,858	27,589	238,455	2,818,834
Accumulated depreciation	-	(167)	(79,163)	(3,126)	-	(82,456)
Accumulated impairment losses	-	-	(152)	-	-	(152)
Carrying amount	**48,202**	**10,563**	**2,414,543**	**24,463**	**238,455**	**2,736,226**

(b) Movements

	Land	Buildings	Infrastructure	Plant and equipment	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2012						
Carrying amount (opening)	48,202	10,563	2,414,543	24,463	238,455	2,736,226
Additions	-	-	-	58	148,959	149,017
Transfers from work in progress	168	845	212,608	8,029	(221,650)	-
Contributed assets	-	-	39,691	-	-	39,691
Disposals	-	-	(154)	(713)	(2,634)	(3,501)
Depreciation	-	(172)	(70,707)	(3,281)	-	(74,160)
Carrying amount (closing)	**48,370**	**11,236**	**2,595,981**	**28,556**	**163,130**	**2,847,273**
2011						
Carrying amount (opening)	-	-	-	-	2,160	2,160
Transferred from Participating Councils	47,682	10,883	2,325,565	18,927	205,130	2,608,187
Additions	-	-	-	-	155,224	155,224
Transfers from work in progress	520	513	113,843	9,044	(123,920)	-
Contributed assets	-	-	55,132	-	-	55,132
Disposals	-	(666)	(682)	(382)	(139)	(1,869)
Depreciation	-	(167)	(79,163)	(3,126)	-	(82,456)
Impairment	-	-	(152)	-	-	(152)
Carrying amount (closing)	**48,202**	**10,563**	**2,414,543**	**24,463**	**238,455**	**2,736,226**

18. Property, plant and equipment (continued)

(c) Key assumptions used for fair value assessment

The Authority's water and sewerage infrastructure assets including associated land and buildings are carried at fair value. The fair value of infrastructure assets at 30 June 2012 has been independently reviewed by the Queensland Treasury Corporation using the 'income approach' based on discounted cash flows. The following significant assumptions were used in determining fair value:

- Revenue cash flows reflect a price freeze in 2012-13 and prices that would achieve Maximum Allowable Revenue (MAR) from 2013-14. MAR is based on recovery of prudent and efficient operating and capital expenditure, depreciating on Unitywater's regulated asset value, tax expenses and a return on assets of 7.73% (2011: 8.25%) based on current market rates;
- Cash flows have been projected based on forecasts of prudent and efficient operating and capital expenditure;
- Capital expenditure include expenditure required for asset renewals, sewage treatment plant and network augmentation, expenditure to meet compliance requirements and to protect the community and environment and meet customer demand within Unitywater's service region;
- The terminal value has been estimated from the forecast regulated asset value at 30 June 2022 and validated against the value of normalised cash flows post 2021-22 plus growth based on a long term inflation rate of 3% (2011:3%); and
- Pre and post-tax cash flows have been projected over a ten year term. Post-tax cash flows are on a basis consistent with the Queensland Competition Authority's approach, whereby the tax deductibility of debt and imputation credits are reflected in the projected cash flows, rather than the discount rate. A post-tax discount rate of 7.73% (2011: 8.25%) has been used to discount the cash flows.

The Board has determined that as the fair value of property, plant and equipment, excluding capital work in progress, is not materially different from the carrying amount of assets of $2.7 billion, the net carrying amount of the water and sewerage infrastructure assets is reflective of fair value at 30 June 2012.

(d) Key assumptions used for impairment assessment

Following assessment of the fair value, the Authority undertook an impairment review. The following information that would indicate impairment was considered:

Internal sources of information:

- Information such as the obsolescence or physical damage of an asset;
- Significant changes with an adverse effect (eg. discontinued operations, business operations, structure); and
- Internal reporting which suggests that an assets economic performance is worse than expected.

External sources of information that would indicate impairment:

- Unexpected decline in the asset's value;
- Significant changes in the technological, market, economic or legal environment in which the entity operates;
- Changes in the regulated environment ie QCA (Queensland Competition Authority);
- Changes of policy and/or legislation enacted by the State Government that impacts on the way Unitywater conducts its business; and
- Changes in the market interest rates that are likely to affect the assets value in use.

The results of this assessment were that there were no internal or external indicators of impairment.

18. Property, plant and equipment (continued)

(e) Impact of possible changes in key assumptions

The values assigned to the key assumptions for fair value and recoverable amount assessment represent the Authority's assessment of future trends in the water industry, including the continued application of the building block methodology currently applied by the Queensland Competition Authority under Price Monitoring of the South East Queensland Distributor-retailers, and are based on both external and internal sources, including principles outlined in Council price mitigation plans. As outlined in Note 18(c) a conservative price path has been assumed for 10 years consistent with information currently available to the Authority.

In June 2011, the Fairer Water Prices for SEQ Amendment Bill 2011 was passed by the Queensland Government. This legislation requires the Participating Councils to develop and publish final price paths for water and sewerage charges for residential and small customers by 30 March 2013 for the period 1 July 2013 to 30 June 2019. These price paths are under development with Participating Councils.

As a result of this process the cash flows from the price paths to be developed may differ from the cash flows based on the price path currently included in the impairment model. The price paths have not yet reached a stage of development that allows an assessment of the difference, if any, between the price paths as included in the impairment model and the price paths that are to be developed by the Participating Councils.

Accordingly, as at the date of this report the impact, if any, that a difference in price paths may have on the assessment of impairment cannot yet be determined.

19. Intangible assets

(a) Carrying amount

	2012			2011		
	Software	Work in progress	Total	Software	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost	23,405	3,293	26,698	2,896	1,288	4,184
Accumulated amortisation	(2,904)	-	(2,904)	(453)	-	(453)
Carrying amount	**20,501**	**3,293**	**23,794**	**2,443**	**1,288**	**3,731**

(b) Movements

	2012			2011		
	Software	Work in progress	Total	Software	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount (opening)	2,443	1,288	3,731	-	-	-
Transferred from Participating Councils	-	-	-	507	-	507
Additions	-	22,544	22,544	-	3,677	3,677
Transfers from work in progress	20,539	(20,539)	-	2,389	(2,389)	-
Disposals	(12)	-	(12)	-	-	-
Amortisation	(2,469)	-	(2,469)	(453)	-	(453)
Carrying amount (closing)	**20,501**	**3,293**	**23,794**	**2,443**	**1,288**	**3,731**

20. Trade and other payables

	2012 $'000	2011 $'000
Current		
Trade creditors	26,845	17,104
Participation return payable	23,741	23,988
Interest payable	23,606	22,883
Accrued expenses	30,144	13,122
Council charges	610	7,224
Income tax equivalent payable	2,471	-
Other	1,740	415
Total	**109,157**	**84,736**

Council charges consist of volumetric water charges and sewerage charges that the Authority is responsible for collecting from customers of the Moreton Bay and Sunshine Coast Regional Councils. The usage relates to periods prior to 1 July 2010 when the Authority's customers were provided water and sewerage services by the Councils. These amounts were billed after 1 July 2010 by the Authority and funds are remitted to the respective Councils once received from the customer.

21. Loans and borrowings

(a) Compositions of loans

	2012 $'000	2011 $'000
Current		
Participating Councils		
Working capital	8,223	7,687
Total	**8,223**	**7,687**
Non-current		
Participating Councils		
Working capital	20,655	28,877
Senior debt	644,807	644,807
Subordinated debt	515,845	515,845
Queensland Treasury Corporation Loans		
Client Specific Pool	219,000	125,000
Total	**1,400,307**	**1,314,529**

No assets have been pledged as security for any liabilities. All borrowings are in Australian dollar denominated amounts and carried at amortised cost, interest being expensed as it accrues, except for assets under construction where directly attributable borrowing costs are capitalised. There have been no defaults or breaches of the loan agreements during the year.

The weighted average rate of borrowings for the year is 6.82% (2011:6.96%). Interest payments are made quarterly in arrears at rates ranging from 5.64% to 7.51% (2011:6.22% to 7.51%).

21. Loans and borrowings (continued)

(b) Financing arrangements at balance date

	2012 $'000	2011 $'000
The Authority has access available at balance date to the following facilities:		
Bank overdraft	50	50
Credit card	750	750
Working capital	78,877	36,564
Loans	1,385,652	1,385,652
	1,465,329	**1,423,016**
Facilities utilised at balance date:		
Bank overdraft	-	-
Credit card	26	37
Working capital	28,877	36,564
Loans	1,379,652	1,286,792
	1,408,555	**1,323,393**
Facilities not utilised at balance date:		
Bank overdraft	50	50
Credit card	724	713
Working capital	50,000	-
Loans	6,000	98,860
	56,774	**99,623**

The utilised loan facility amount consists of the principal amount plus accrued interest and administration charges which are added to the loan facility until paid.

22. Employee benefits

	2012 $'000	2011 $'000
Current		
Accrued salaries and wages	5,497	1,390
Annual leave	4,446	3,770
Long service leave	1,422	534
Rostered days off	599	499
Other employee entitlements	158	217
Total	**12,122**	**6,410**
Non-current		
Annual leave	2,647	2,620
Long service leave	10,504	7,689
Total	**13,151**	**10,309**

Accrued salaries and wages were classified as Trade and Other Payables in Note 20 in the 2011 Statement of Financial Position. For the 2012 year accrued salaries and wages have been reclassified as employee benefits to reflect the nature of the benefit.

Refer to Note 28 for details of the amount of superannuation contributions paid by the Authority for the benefit of the employees to their respective superannuation plans.

23. Other liabilities

Current	2012 $'000	2011 $'000
Unearned revenue	3,052	4,317
Security deposits and retentions	566	927
Other payables	28	54
Total	**3,646**	**5,298**

24. Tax assets and liabilities

(a) Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Property, plant and equipment	-	-	(27,357)	(20,006)	(27,357)	(20,006)
Employee benefits	4,133	1,634	-	-	4,133	1,634
Other provisions and accruals	1,116	602	-	-	1,116	602
Formation costs	1,413	2,119	-	-	1,413	2,119
Other items	64	3	(1,243)	-	(1,179)	3
Tax asset/(liability)	6,726	4,358	(28,600)	(20,006)	(21,874)	(15,648)
Set off	(6,726)	(4,358)	6,726	4,358	-	-
Net tax asset/(liability)	-	-	(21,874)	(15,648)	(21,874)	(15,648)

Deferred tax assets and deferred tax liabilities were disclosed in the 2011 Statement of Financial Position as both a non-current asset and non-current liability. For the 2012 year deferred tax assets and deferred tax liabilities have been offset to show a net deferred tax liability.

(b) Movements in deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Balance at 1 July	4,358	-	(20,006)	-	(15,648)	-
Current years' income tax equivalent expense	2,368	4,358	(8,594)	(20,006)	(6,226)	(15,648)
Balance at 30 June	6,726	4,358	(28,600)	(20,006)	(21,874)	(15,648)

24. Tax assets and liabilities (continued)

(c) Unrecognised deferred tax assets and liabilities

Deferred tax assets and liabilities have not been recognised in respect of the following:

	Assets		Liabilities		Net	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Depreciating assets transferred from Councils on 1 July 2010	-	-	(8,958)	(2,364)	(8,958)	(2,364)
Employee provisions transferred from Councils on 1 July 2010	2,133	3,116	-	-	2,133	3,116
Tax asset/(liability)	2,133	3,116	(8,958)	(2,364)	(6,825)	752
Set off	(2,133)	(2,364)	2,133	2,364	-	-
Net tax asset/(liability)	-	752	(6,825)	-	(6,825)	752

25. Contributed equity

	2012 $'000	2011 $'000
Contributed equity	1,434,782	1,434,782
	1,434,782	**1,434,782**

On 1 July 2010, the two Participating Councils transferred their water businesses to the Authority. The transfer comprised assets, liabilities and employees of the Participant Councils water distribution and sewerage operations.

On 30 May 2011, the Minister for Energy and Water Utilities advised the Authority and the Participating Councils of the final determination of the Authority's Regulated Asset Base (RAB) at 1 July 2010. An amended Participation Agreement was submitted to the Minister on 1 July 2011 reflecting each Councils Participation rights based on the value of each Participating local government's contribution to the RAB. The contribution to RAB by each Participating local government and allocation of participation rights are as follows:

Total Participation RAB made up of:	Moreton Bay Regional Council $'000	Sunshine Coast Regional Council $'000	Total $'000
Debt (45%)	683,665	490,247	**1,173,912**
Equity (55%)	835,591	599,191	**1,434,782**
Total Participation RAB 1 July 2010	**1,519,256**	**1,089,438**	**2,608,694**
Contributed equity %	58.24%	41.76%	**100%**
Net liabilities transferred from Participants	(6,640)	(6,621)	(13,261)
Net assets transferred from Participants	**1,512,616**	**1,082,817**	**2,595,433**

26. Retained earnings

	2012 $'000	2011 $'000
Retained earnings at 1 July	10,602	(13,043)
Profit for the year	63,655	68,645
Participation returns paid or provided for	(47,483)	(45,000)
Retained earnings at 30 June	**26,774**	**10,602**

27. Participation returns

The following participation returns have been paid or are payable at 30 June 2012:

	2012 $'000	2011 $'000
Moreton Bay Regional Council	27,654	26,208
Sunshine Coast Regional Council	19,829	18,792
Total	**47,483**	**45,000**

28. Superannuation

Local Government Superannuation Scheme – LG Super

The Authority contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a multi-employer plan as defined in the Australian Accounting Standard *AASB 119 Employee Benefits*.

The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.

The scheme has two elements referred to as the Defined Benefits Fund (DBF) and the Accumulation Benefits Fund (ABF). The ABF is a defined contribution scheme as defined in *AASB 119*. The Authority has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

The DBF is a defined benefit plan as defined in *AASB 119*. The Authority is not able to account for the DBF as a defined benefit plan in accordance with *AASB 119* because the scheme is unable to account to the Authority for its proportionate share of the defined benefit obligation, plan assets and costs.

Any amount by which either fund is over or under funded would only affect future benefits and contributions to the DBF, and is not an asset or liability of the Authority. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.

28. Superannuation (continued)

The audited general purpose financial report of the scheme at 30 June 2011 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken at 1 July 2009. The actuary indicated that the DBF is in a very modest financial position with regard to the net asset coverage of vested liabilities. Investment returns will be volatile under the required investment strategy, particularly over short periods. The DBF therefore needs sufficient reserves to be able to withstand a reasonable range of such influences. Because the DBF is now running down and cash flows are negative, the vested benefit index (VBI) should not be allowed whenever possible to retreat below 100%. Once below 100%, benefits drawn reduce the available assets for remaining members and hence the net asset coverage of vested benefits declines further.

In order to withstand a one in ten 'low return' outcome, the DBF would need reserves of the order of 8% to 10% having regard to the investment strategy adopted.

Given the current position of the DBF, such reserve can essentially only eventuate from either excess investment returns over salary increases or additional employer contributions. The Authority has been advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of DBF members. Under the *Local Government Act 2009* the trustee of the scheme has the power to levy additional contributions on councils and local government entities which have employees in the DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

The next actuarial investigation will be made at 1 July 2012.

The amount of superannuation contributions by superannuation plan type and fund paid by the Authority is as follows:

	2012 $'000	2011 $'000
Superannuation plan		
Defined benefit fund - LG Super	1,271	1,306
Accumulation benefit fund - LG Super	5,182	4,525
Other Defined Contribution funds	453	180
Total	**6,906**	**6,011**

A portion of the above Superannuation contributions paid related to work performed on capital projects which has been capitalised. The amount recognised as an expense during the financial year is $6,125,248 (2011: $5,329,489).

29. Financial instruments

Financial risk management

Overview

The Authority's activities expose it to a variety of financial risks including credit risk, liquidity risk, market risk, interest rate risk and operational risk.

Risk management framework

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring risk management policies. The committee reports regularly to the Board on its activities.

Exposure to financial risks is managed in accordance with the Authority's approved policies on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the financial performance of the Authority. The Authority measures risk exposure using a variety of methods as follows:

Risk Exposure	Measurement Method
Credit risk	Ageing analysis
Liquidity risk	Maturity analysis
Interest rate risk	Sensitivity analysis

Credit risk

Credit risk is the risk of financial loss to the Authority if a customer or another party fails to meet its obligations. The Authority is exposed to credit risk through its customers, investments with the Queensland Treasury Corporation (QTC) and deposits held with banks. The Authority has a concentration of credit risk from receivables due from its customers.

The QTC Cash Fund is an asset management portfolio with investments in a wide variety of high credit rating counterparts. Deposits are capital guaranteed. Other investments are held with regulated financial institutions that have a credit rating of at least A+.

Liquidity risk

Liquidity risk is the risk that the Authority may encounter difficulty in meeting obligations associated with financial liabilities. The Authority is exposed to liquidity risk through its trading in the normal course of business and borrowings from the QTC for asset acquisitions and capital works and from Moreton Bay and Sunshine Coast Regional Councils for its working capital requirements. The Authority manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows.

Market risk

The Authority does not trade in foreign currency and is not materially exposed to commodity price ranges. The Authority is exposed to interest rate risk through its borrowings from QTC and cash deposited in interest bearing accounts. The Authority manages that part of its portfolio by setting, monitoring and adjusting the terms and duration of its loan portfolio as allowed under its commercial financing contract with QTC.

29. Financial instruments (continued)

Interest rate risk

Interest rate risk is the risk that a value of a financial instrument or cash flow associated with the instrument will fluctuate due to changes in market interest rates. The Authority is exposed to interest rate risk through its borrowings and investment with QTC and cash deposited in interest bearing accounts. The risk in borrowing is effectively managed by borrowing from financial institutions which provide access to floating funding sources such that the desired interest rate risk exposure can be constructed.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Authority's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all the Authority's operations.

The Authority's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Authority's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Training and professional development; and
- Risk mitigation, including insurance where this is effective.

(a) Categorisation of financial instruments

The Authority has the following categories of financial assets and financial liabilities:

Category	Notes	2012 $'000	2011 $'000
Financial assets			
Cash and cash equivalents	14	32,992	69,707
Trade and other receivables	15	122,286	77,451
Total		**155,278**	**147,158**
Financial liabilities			
Trade and other payables	20	109,157	84,736
Loans and borrowings	21	1,408,530	1,322,216
Total		**1,517,687**	**1,406,952**

29. Financial instruments (continued)

(b) Credit risk exposure

The maximum exposure to credit risk at 30 June 2012 in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment.

The following table provides information regarding credit risk exposure of financial assets, classified according to Standard & Poor's counterparty credit ratings. AAA is the highest possible rating.

	Credit Rating					
2012	**AAA $'000**	**AA $'000**	**A $'000**	**BBB $'000**	**Not rated $'000**	**Total $'000**
Cash and cash equivalents	-	32,988	-	-	4	32,992
Trade and other receivables	3,149	14,262	287	736	103,852	122,286
	3,149	**47,250**	**287**	**736**	**103,856**	**155,278**

	Credit Rating					
2011	**AAA $'000**	**AA $'000**	**A $'000**	**BBB $'000**	**Not rated $'000**	**Total $'000**
Cash and cash equivalents	-	69,703	-	-	4	69,707
Trade and other receivables	4,655	19,198	185	547	52,866	77,451
	4,655	**88,901**	**185**	**547**	**52,870**	**147,158**

No collateral is held as security and no credit enhancements relate to financial assets held by the Authority.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

The method of calculating any impairment provision for risk is based on the Authority's past experience and industry experience as a proportion of outstanding debt. The recognised impairment provision for receivables is $3,500,000 (2011:$1,635,235) for the current year.

Ageing past due, but not impaired, as well as impaired financial assets are disclosed in the following tables:

Trade and other receivables	**Gross $'000**	**Impairment $'000**	**Total $'000**
2012			
Not past due	103,951	-	103,951
Past due 0-30 days	4,798	-	4,798
Past due 31- 60 days	3,810	-	3,810
Past due 61- 90 days	3,527	-	3,527
More than 91 days	9,700	3,500	6,200
	125,786	**3,500**	**122,286**
2011			
Not past due	54,347	-	54,347
Past due 0-30 days	4,718	-	4,718
Past due 31- 60 days	8,307	-	8,307
Past due 61- 90 days	1,507	-	1,507
More than 91 days	10,207	1,635	8,572
	79,086	**1,635**	**77,451**

29. Financial instruments (continued)

(c) Liquidity risk

The Authority is exposed to liquidity risk in respect of its payables and borrowings from QTC.
The following table sets out the liquidity risk of financial liabilities held by the Authority. It represents the contractual maturity of financial liabilities, including interest payments, calculated based on undiscounted cash flows.

Financial liabilities

	Carrying amount	Cash flows payable in			Total cash flows
	$'000	<1 year $'000	1-5 years $'000	>5 years $'000	$'000
2012					
Trade and other payables	109,157	109,157	-	-	109,157
Loans	1,160,652	81,776	1,181,096	-	1,262,872
QTC borrowings	219,000	12,479	49,952	216,374	278,805
Working capital facilities	28,878	9,976	22,446	-	32,422
Total	**1,517,687**	**213,388**	**1,253,494**	**216,374**	**1,683,256**
2011					
Trade and other payables	84,736	84,736	-	-	84,736
Loans	1,160,652	82,497	1,262,872	-	1,345,369
QTC borrowings	125,000	7,793	31,110	125,968	164,871
Working capital facilities	36,564	9,976	32,422	-	42,398
Total	**1,406,952**	**185,002**	**1,326,404**	**125,968**	**1,637,374**

(d) Market risk

The Authority does not trade in foreign currency and is not materially exposed to commodity price changes.
The Authority is exposed to interest rate risk through borrowings and investment with QTC and cash deposited in interest bearing accounts.

Profile

At the reporting date the interest rate profile of the Authority's interest bearing financial instruments was:

	2012 $'000	2011 $'000
Fixed rate instruments		
Financial liabilities	1,189,530	1,197,216
	1,189,530	**1,197,216**
Variable rate instruments		
Financial assets	32,988	69,703
Financial liabilities	219,000	125,000
	251,988	**194,703**

29. Financial instruments (continued)

(d) Market risk (continued)

Sensitivity analysis for variable rate instruments

The following sensitivity analysis depicts the outcome to profit and loss if interest rates would change by +/- 1% from the year end rates applicable to the Authority's financial assets and liabilities. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year.

Interest rate risk

		-1%		+1%	
	Net carrying amounts $'000	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**
2012					
Financial assets	32,988	(330)	(330)	**330**	**330**
Financial liabilities	(219,000)	2,190	2,190	**(2,190)**	**(2,190)**
Sensitivity (net)	**(186,012)**	**1,860**	**1,860**	**(1,860)**	**(1,860)**
2011					
Financial assets	69,703	(697)	(697)	697	697
Financial liabilities	(125,000)	1,250	1,250	(1,250)	(1,250)
Sensitivity (net)	**(55,297)**	**553**	**553**	**(553)**	**(553)**

29. Financial instruments (continued)

(d) Market risk (continued)

Fair value

The fair value of interest bearing loans and borrowings is calculated based on discounted expected future cash flows. The fair values of the loans and borrowings, together with the carrying amounts, are as follows:

	Carrying amount $'000	Fair value $'000
2012		
Participating Councils		
Working capital	28,878	29,490
Senior loans	644,807	653,641
Subordinated loans	515,845	522,913
QTC borrowings		
Client Specific Pool	219,000	222,115
Total	**1,408,530**	**1,428,159**
2011		
Participating Councils		
Working capital	36,564	36,383
Senior loans	644,807	642,954
Subordinated loans	515,845	513,279
QTC borrowings		
Client Specific Pool	125,000	125,382
Total	**1,322,216**	**1,317,998**

30. Operating leases

(a) Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2012 $'000	2011 $'000
Less than one year	2,745	1,985
Between one and five years	4,066	2,069
More than five years	7,033	-
	13,844	**4,054**

The Authority leases various land, buildings, vehicles and office equipment. The leases have varying terms, escalation clauses and renewal rights. On renewal the terms of the leases are renegotiated.

During the year an amount of $3,402,778 (2011: $3,223,960) was recognised as an expense in the Statement of Comprehensive Income in respect of operating leases.

(b) Leases as lessor

Non-cancellable operating lease rentals are receivable as follows:

	2012 $'000	2011 $'000
Less than one year	1,249	921
Between one and five years	3,911	3,268
More than five years	4,753	3,891
	9,913	**8,080**

The Authority leases sites to telecommunication carriers for installation and operation of mobile telecommunication facilities.

31. Commitments

(a) Capital expenditure commitments

Material classes of capital expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts as payable are as follows:

	2012 $'000	2011 $'000
Property, plant and equipment		
Within one year	35,811	27,930
One year and no later than five years	2,146	549
	37,957	**28,479**
Intangibles		
Within one year	2,072	2,949
	2,072	**2,949**

31. Commitments (continued)

(b) Operating expenditure commitments

Operating expenditure contracted but not yet provided for and payable at the end of the period are as follows:

	2012 $'000	2011 $'000
Within one year	6,501	1,418
One year and no later than five years	12,442	3,497
More than five years	7,546	1,246
	26,489	**6,161**

32. Contingencies

(a) Legal proceedings and contractual arrangements

The Authority is in dispute with a former contractor for the non-performance of the contractor's obligations to operate and maintain the Redcliffe Sewerage Treatment Plant. The Authority invoked bank guarantees held for the performance of obligations concerning the plant, amounting to $1,218,015. As a result the contractor brought legal proceedings against the Authority in the Supreme Court of NSW. The Court found in favour of the Authority. The contractor has appealed the decision.

The Authority is further in dispute with the former contractor regarding its liability for loss and damage suffered as a result of the negligence of the contractor and/or its directors. This loss and damage is estimated at $12,000,000.

(b) Insurance events

The Authority is seeking to settle a number of outstanding insurance claims and recover costs or losses from insurers.

The largest outstanding insurance claims relate to the costs incurred by the Authority as a result of the Queensland flood crisis and extreme wet weather conditions. The costs associated with these events have been estimated at $4,391,000. Insurance claims have been submitted for these expenditures with an amount of $250,000 being received to date. It is the Authority's opinion that the insurance claims will be sufficient to cover the costs of the required repairs.

No amounts for contingent assets or liabilities have been provided in the financial statements.

33. Key management personnel

(a) Board Members

An interim Board was established on 1 March 2010 under an Interim Participation Agreement during the Authority's establishment phase. All initial Board Members were subsequently appointed on 1 July 2010 under the Participation Agreement for a term of three years.

Board Members' remuneration is established under the Participation Agreement and is with the unanimous agreement of the Participants. Board Members' fees include fees paid for membership of the Authority's Board and relevant Board committees. The Board Members who were paid, or were due to be paid from the Authority were:

	2012 Remuneration $	2011 Remuneration $
Jim Soorley	105,000	105,000
Michael Arnett	61,000	61,000
Sharon Doyle	56,000	56,000
Megan Houghton	56,000	56,000
Noel Faulkner (appointed 11 September 2011)	46,667	-
Bob Thorn (resigned 14 February 2011)	-	35,583
	324,667	**313,583**

(b) Loans to key management personnel

None of the key management personnel have personal loans with the Authority outstanding at 30 June 2012 (2011: Nil).

(c) Other key executive management personnel transactions

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

All transactions with key executive management personnel that occurred during the financial year related to the domestic supply of water and sewerage services, and were trivial in nature.

(d) Board Members' transactions

A number of the Board Members hold positions in other entities that may result in them having control or significant influence over the financial or operating policies of those entities. Megan Houghton was a Director of Wide Bay Water Corporation up to November 2011. The Authority paid $33,028 during the financial year (2011: $108,899) for services to Wide Bay Water Corporation. This entity was engaged on an arm's length basis under commercial terms and conditions.

Related party transactions between the Authority and its Participants are disclosed in Note 34.

33. Key management personnel (continued)

(e) Key executive management personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Authority during the year. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current incumbents	
		Contract classification	Date appointed to position
Chief Executive Officer (acting)	Responsible for the efficient and effective delivery of water and sewerage related services and financial administration of the Authority.	Contract of employment	11 May 2012
Chief Operating Officer (acting)	Responsible for managing all aspects of infrastructure planning, capital works delivery, asset management, technical services and the day to day systems operations and maintenance requirements of the Authority.	Contract of employment	11 May 2012
Executive Manager Retail	Responsible for ensuring the commercial and regulatory obligations to Government, customers and the community are met through effective leadership of the retail division of the Authority.	Contract of employment	1 July 2010
Chief Financial Officer	Responsible for managing strategy and planning, performance management, financial reporting, tax, treasury and economic regulation for the Authority.	Contract of employment	24 January 2011
Executive Manager Workforce Capability and Change	Responsible for workforce strategy, human resources practices, policies and procedures of the Authority.		Vacant at 30 June 2012
Executive Manager Business Support Services	Responsible for the delivery of corporate services, support including procurement, logistics, property, fleet, administration, risk management, insurance, compliance, business resilience, integrated management system, legal services and strategic development program.	Contract of employment	14 December 2009
Chief Information Officer	Responsible for the development and implementation of an information and communications technology strategy and policies of the Authority.	Contract of employment	26 July 2010

33. Key management personnel (continued)

(f) Remuneration

Remuneration and other terms of employment for the Authority's key executive management personnel are formalised in contracts of employment.

Contracts of employment make a provision for an appropriate combination of competitive fixed and variable remuneration components.

The fixed component of remuneration is linked to an assessment of the job size and value based on independent market advice and evaluation. A Fixed Annual Remuneration (FAR) concept for the structure of executive remuneration is utilised. The market median of remuneration in the Power, Water and Utilities: Government Business Enterprises is used as a basis for determining the FAR for executive managers. While the FAR is capped, the executive then has the flexibility to decide the composition of the total fixed remuneration, which could include cash salary, motor vehicle, additional superannuation, plus any fringe benefits tax incurred. No other non-cash benefits are provided to executives as the FAR concept captures various benefits structured within a total cost rather than a base salary plus benefits approach.

Annual increases in remuneration are in accordance with recommendations endorsed by the Nominations and Remuneration Committee and approved by the Board in line with the governance arrangements for executive managers provided by the Authority.

The variable component of remuneration is provided to executive managers through an annual incentive payment scheme. This scheme is designed to effectively reward a combination of key behaviours, capability and performance aligned with business, divisional and individual goals and targets. The performance payment is contingent upon the Board's assessment of the Authority's overall performance. Performance payments may not exceed a maximum of twenty per cent of the individual's FAR figure and require endorsement by the Nominations and Remuneration Committee and approval by the Board.

Where employment is terminated due to the Authority's operational requirements, a redundancy payment is payable in accordance with the *Industrial Relations Act 1999* (QLD). The payment is based on the individual's FAR figure and period of service;

i. 12 months service	4 weeks redundancy payment
ii. 24 months service	6 weeks redundancy payment
iii. 36 months service	7 weeks redundancy payment

An additional weeks redundancy payment per year of service is payable thereafter with a cap at sixteen weeks for twelve years service.

A termination payment made will comprise all entitlements accrued under the contract and where the executive has completed seven years of service the payment will include long service leave of 0.8667 or 1.3 weeks for each completed year of service. The Chief Executive Officer has to complete ten years of service before any long service leave payment is made.

All remuneration component amounts are reviewed annually by the Nominations and Remuneration Committee and the Board. All amendments to the remuneration policy for key executive management personnel are reviewed by the Nominations and Remuneration Committee for endorsement prior to submission to the Board.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits. All executives were employed for the entire financial year unless otherwise disclosed.

33. Key management personnel (continued)

(f) Remuneration (continued)

1 July 2011 – 30 June 2012

Position	Short term employee benefits		Post employment benefits	Termination benefits	Total remuneration
	Base $	Non-monetary benefits $	$	$	$
Chief Executive Officer *(3 Nov 2009 - 11 May 2012)*	295,770	17,007	24,634	61,706	399,117
Chief Executive Officer (acting) *(11 May 2012 - Current)*	36,342	-	3,271	-	39,613
Chief Operating Officer *(1 Jul 2011 - 11 May 2012)*	213,544	-	19,219	-	232,763
Chief Operating Officer (acting) *(11 May 2012 - Current)*	19,056	989	2,287	-	22,332
Executive Manager Retail	204,592	15,023	24,551	-	244,166
Chief Financial Officer	251,749	-	22,976	-	274,725
Executive Manager Workforce Capability & Change *(1 Jul 2010 - 24 Dec 2011)*	111,423	468	10,028	11,150	133,069
Executive Manager Workforce Capability & Change (acting) *(24 Dec 2011 - 1 Apr 2012)*	39,520	-	6,097	-	45,617
Executive Manager Business Support Services	198,760	13,536	17,888	-	230,184
Chief Information Officer	189,870	20,633	15,738	-	226,241
Total remuneration	**1,560,626**	**67,656**	**146,689**	**72,856**	**1,847,827**

33. Key management personnel (continued)

(f) Remuneration (continued)

1 July 2010 – 30 June 2011

Position	Short term employee benefits		Post employment benefits	Termination benefits	Total remuneration
	Base $	Non-monetary benefits $	$	$	$
Chief Executive Officer	329,872	12,222	25,328	-	367,422
Chief Operating Officer *(Appointed 6 Sep 2010)*	236,326	-	21,269	-	257,595
Executive Manager Retail	200,719	14,122	24,086	-	238,927
Chief Financial Officer *(Appointed 1 Jul 2010 – 17 Sep 2010)*	53,307	2,170	7,286	27,701	90,464
Chief Financial Officer *(Appointed 24 January 2011)*	106,596	-	9,594	-	116,190
Executive Manager Workforce Capability & Change	200,768	-	18,069	-	218,837
Executive Manager Business Support Services	190,838	10,015	17,177	-	218,030
Chief Information Officer *(Appointed 26 Jul 2010)*	155,654	-	14,797	-	170,451
Executive Manager Regulatory and Governance [1.]	418,015	-	-	-	418,015
Total remuneration	**1,892,095**	**38,529**	**137,606**	**27,701**	**2,095,931**

[1.] In the 2011 year the Executive Manager Regulatory and Governance role was abolished with significant responsibilities transferred through to the Executive Manager Business Support Services. During 2012 the role no longer formed part of the Executive Management Team and is not considered key management personnel in the 2012 year.

33. Key management personnel (continued)

(g) Performance payments

The basis for performance bonuses paid or payable this financial year is set out below:

Position	Date paid	Basis for payment
Chief Executive Officer	14 Dec 2011	Individual performance payments are based upon an individual's achievement of divisional and corporate targets
Chief Operating Officer	14 Dec 2011	
Executive Manager Retail	14 Dec 2011	
Chief Financial Officer	14 Dec 2011	
Executive Manager Workforce Capability & Change	14 Dec 2011	
Executive Manager Business Support Services	14 Dec 2011	
Chief Information Officer	14 Dec 2011	

The aggregate performance bonuses payable to key executive management personnel after performance reviews are completed and endorsed by the Nominations and Remuneration Committee are as follows:

	2012 Remuneration $	2011 Remuneration $
Performance payments	257,452	253,442

34. Related parties

Transactions with Participating Councils

The amount of revenue and expenditure included in the Statement of Comprehensive Income, and the amount receivable or payable to Participating Councils are as follows:

	Moreton Bay Regional Council		Sunshine Coast Regional Council	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Revenue				
Utility charges	2,936	2,296	2,432	2,558
Utility rebates	22,369	22,841	-	-
Interest	-	-	50	-
Other revenue	578	1,375	1,581	1,302
	25,883	26,512	4,063	3,860
Expenses				
Supplies and services	3,055	6,700	3,170	6,679
Interest on loans	48,296	49,035	35,679	35,408
Taxation equivalents	6,845	3,780	4,908	2,706
Participation returns	27,654	26,208	19,829	18,792
	85,850	85,723	63,586	63,585
Amounts receivable				
Utility charges	684	25	1,298	313
Other receivables	109	-	823	-
Developer contributions - cash	1,527	2,623	2,099	9,732
	2,320	2,648	4,220	10,045
Amounts payable				
Interest payable	11,916	12,450	9,018	9,294
Supplies and services	203	558	640	619
Taxation equivalents	2,237	(507)	1,604	(363)
Water consumption pre July 2010	-	44	610	7,180
Participation returns	13,827	13,971	9,914	10,017
	28,183	26,516	21,786	26,747
Loans and borrowings				
Loans	677,025	677,025	483,627	483,627
Working capital	14,439	18,282	14,439	18,282
	691,464	695,307	498,066	501,909

Amounts owing are unsecured and are expected to be settled in cash.

35. Subsequent events

(a) Legal proceedings

On 19 July 2012, the Authority made an application for the winding up of a company that was previously contracted to perform services in relation to the Redcliffe Sewerage Treatment Plant. The hearing was held on 27 August in the Supreme Court of Queensland where the winding up order was made. This may have an impact on the contingencies disclosed at Note 32(a). In relation to the legal proceedings in the New South Wales Court of Appeal regarding bank guarantees, the winding up order effects a stay of the proceedings.

36. Auditor's remuneration

	2012 $'000	2011 $'000
Audit services		
Auditors of the Authority: *Queensland Audit Office*		
– Audit and review of financial reports	256	259

There are no non-audit services included in this amount.

MANAGEMENT CERTIFICATE

FOR THE YEAR ENDED 30 JUNE 2012

Certificate of Unitywater for the year ended 30 June 2012

These general purpose financial statements have been prepared pursuant to section 62 (1) of the *Financial Accountability Act 2009* (the Act), relevant sections 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; and

b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Authority for the financial year ended 30 June 2012 and of the financial position at the end of that year.

Jim Soorley
BArts (Psych),
MArts (Org Psych), AM

Chairman

27/8/2012

George Theo
MBA, BEng (Civil),
Ass Dip (Mun Eng), CP Eng, GAICD

Chief Executive Officer

27/8/2012

Pauline Thomson
BBus(Acc), CPA, GAICD

Chief Financial Officer

27/8/2012

INDEPENDENT AUDITOR'S REPORT

To the Board of the Northern SEQ Distributor-Retailer Authority

Report on the Financial Report

I have audited the accompanying financial report of the Northern SEQ Distributor-Retailer Authority, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chairman, Chief Executive Officer and Chief Financial Officer.

The Board's Responsibility for the Financial Report

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

(a) I have received all the information and explanations which I have required; and

(b) in my opinion –

   (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and

   (ii) the financial report, as set out on pages 6 to 50, presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Northern SEQ Distributor-Retailer Authority for the financial year 1 July 2011 to 30 June 2012 and of the financial position as at the end of that year.

Emphasis of Matter – Significant Uncertainty Regarding Water Pricing post 30 June 2013

Without modifying my opinion, attention is drawn to the following matter. As disclosed in Note 18(e), the Northern SEQ Distributor-Retailer Authority has determined the fair value of its land, buildings and infrastructure assets using an income approach based on discounted cash flows. The Authority has also performed an impairment assessment of its assets based on current pricing arrangements for water Distributor-Retailers in South East Queensland.

As the price paths for retail water and sewerage charges post 30 June 2013 have not yet been determined, significant uncertainty exists regarding the assumptions used for valuation and impairment modelling and the resulting impact, if any, on the reported asset balances.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of the Northern SEQ Distributor-Retailer Authority for the year ended 30 June 2012. Where the financial report is included on the Northern SEQ Distributor-Retailer Authority's website the Board is responsible for the integrity of the Northern SEQ Distributor-Retailer Authority's website and I have not been engaged to report on the integrity of the Northern SEQ Distributor-Retailer Authority's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

QUEENSLAND
30 AUG 2012
AUDIT OFFICE

N George CPA
(as delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

Unitywater
ABN: 89 791 717 472

Ground Floor
33 King Street
Caboolture QLD 4510
PO Box 953
Caboolture QLD 4510
1300 0 UNITY (1300 086 489)
www.unitywater.com

The Honourable Mark McArdle MP
Minister for Energy and Water Supply
Level 13, Mineral House
BRISBANE QLD 4000

Dear Minister

I am pleased to present the Annual Report 2011-2012 and financial statements for Unitywater.

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 97 of this annual report or accessed at www.unitywater.com

Yours sincerely

Jim Soorley
Unitywater Chairman

31 August 2012

Summary of compliance

Summary of requirement		Basis for requirement	Annual report reference
Accessibility	Table of contents Glossary	ARRs - section 8.1	Page 3 Page 99
	Public availability	ARRs – section 8.2	Inside cover
	Interpreter service statement	*Queensland Government Language Services Policy* ARRs – section 8.3	Inside cover
	Copyright notice	*Copyright Act 1968* ARRs – section 8.4	Inside cover
	Government Information Licensing Framework (GILF) Licence	*Government Information Licensing Framework (GILF)* *QGEA Policy* ARRs – section 8.5	N/A
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister(s)	ARRs – section 9	Page 96
	Introductory information	ARRs – section 10.1	Page 4
	Agency role and main functions	ARRs – section 10.2	Page 10
	Operating environment	ARRs – section 10.3	Page 28
	External security	ARRs – section 10.4	Page 38
	Machinery of government changes	ARRs – section 10.5	N/A
	Review of proposed forward operations	ARRs – section10.6	Page 24
Non-financial performance	Government objectives for the community	ARRs – section 11.1	Page 12
	Other whole-of-government plans/specific initiatives	ARRs – section 11.2	N/A
	Council of Australian Government Initiatives (COAG)	ARRs – section 11.3	Page 12
	Agency objectives and performance indicators	ARRs – section 11.4	Page 13
	Agency service areas, service standards and other measures	ARRs – section 11.5	Page 20
Financial performance	Summary of financial performance	ARRs – section 12.1	Page 41
	Chief Financial Officer (CFO) statement	ARRs – section 12.2	N/A
Governance – management and structure	Organisational structure	ARRs – section 13.1	Page 27
	Executive management	ARRs – section 13.2	Page 32
	Related entities	ARRs – section 13.3	N/A
	Schedule of statutory authorities or instrumentalities	ARRs – section 13.4	N/A
	Boards and committees	ARRs – section 13.5	Page 30
	Public Sector Ethics Act 1994	Public Sector Ethics Act 1994 (section 23 and Schedule) ARRs – section 13.6	Page 34

Summary of compliance

Summary of requirement		Basis for requirement	Annual report reference
Governance – risk management and accountability	Risk management	ARRs – section 14.1	Page 34
	Audit committee	ARRs – section 14.2	Page 34
	Internal Audit	ARRs – section 14.3	Page 34
Governance – human resources	Workforce planning, attraction and retention	ARRs – section 15.1	Page 35, 36
	Early retirement, redundancy and retrenchment	ARRs – section 15.2	N/A
	Voluntary separation program	ARRs – section 15.3	N/A
Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 16.1	Page 93
	Independent Auditor's report	FAA – section 62 FPMS – section 50 ARRs – section16.2	Page 94
	Remuneration disclosures	Financial Reporting Requirements for Queensland Government Agencies ARRs – section 16.3	Page 88
Disclosure of additional information	Additional information to be reported online	ARRs – section 17	www.unitywater.com/annualreport

ARRs	Annual report requirements for Queensland Government agencies
FAA	Financial Accountability Act 2009
FPMS	Financial and Performance Management Standard 2009
N/A	Not applicable

General

Glossary

TERM	MEANING
Certified Agreement	The Unitywater Enterprise Bargaining Agreement that was certified by the Queensland Industrial Relations Commission
CEO	Chief Executive Officer
eDRMS	Electronic Document and Recordkeeping Management System
GIS	Geographic Information System, used for storing and manipulating geographic information on a computer
ICT	Information and Communications Technology
Inflow and infiltration	Inflow refers to rainwater entering the sewerage network via defective or inappropriate plumbing of stormwater to the sewer. Infiltration refers to groundwater entering underground infrastructure via cracks and faulty joints
IPA	Information Privacy Act
ISO	International standards developed by the International Organization for Standardization to ensure that products and services are safe, reliable and of good quality
Netserv Plan	Water and Wastewater Network and Services Plan
Participation Agreement	Sets out the rights of our participant councils and Unitywater's obligations to these councils
QCA	Queensland Competition Authority
R&D	Research and development
RTI	Right to Information Act
Sewerage	The infrastructure network used to receive, store, transport and treat sewage
Sewage	Waste discharged from bathrooms, sinks and toilets
SEQ	South East Queensland
SCADA	Supervisory Control and Data Acquisition
STP	Sewage Treatment Plant

Unitywater

This report is publicly available and can be viewed and downloaded from the Unitywater website at www.unitywater.com/annualreport. To meet State Government requirements, a limited number of this report were printed. Consistent with our Environmental Management Policy, all printed copies were produced using environmentally-responsible stock.

This paper is 100% recycled, made entirely from post-consumer waste (making it a 'true' recycled grade) and all by-products of the production cycle are reused and recycled.

100% ISO 14001 EMAS CN CARBON NEUTRAL

Unitywater's new certifications includes the Infrastructure Services and Business Support Services divisions.

ISO 9001 QUALITY ISO 14001 ENVIRONMENT

0142-03-C