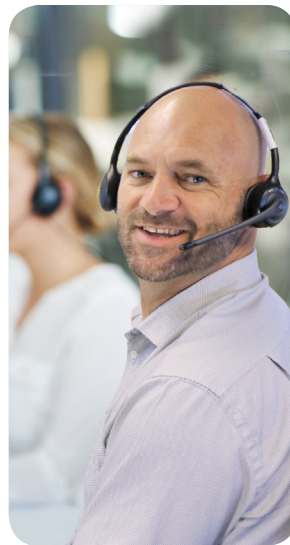




Unitywater

Serving you today,
investing in tomorrow.

ANNUAL REPORT 2017 – 2018



ABOUT THIS REPORT

We are pleased to present Unitywater's 2017-18 Annual Report. It has been prepared in accordance with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and the *Annual Report requirements for Queensland Government agencies*, June 2018 edition.

To meet State Government requirements, a limited number of copies of this report were printed. We encourage interested individuals or groups to view the report online and/or download a copy from 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 6-10 Maud Street, Maroochydore, between the hours of 8.30am and 5pm, Monday to Friday.

For further information or assistance with this Annual Report please contact:

Manager Communications and Marketing
Phone: 1300 086 489
Email: communications@unitywater.com



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

Unitywater

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Phone: 1300 086 489

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7am – 6pm weekdays

Faults and emergencies:

24 hours, 7 days a week

Phone: 1300 086 489

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Unitywater Annual Report 2017-18

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Acknowledging our Traditional Owners

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

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ABOUT US

TWENTY-FOUR HOURS A DAY, SEVEN DAYS A WEEK, UNITYWATER'S PRIORITY IS PROVIDING OUR CUSTOMERS WITH A HIGH QUALITY, SAFE AND RELIABLE WATER AND SEWERAGE SERVICE THAT IS ECONOMICALLY AND ENVIRONMENTALLY SUSTAINABLE.

Unitywater is a statutory authority, formed under the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009*. Governed by an independent Board, we have a Participation Agreement with the Moreton Bay Regional Council, Sunshine Coast Council and the Noosa Council. We service these local authority areas.

WHAT WE DO

On behalf of the Moreton Bay, Sunshine Coast and Noosa communities, Unitywater:

- › maintains and supplies drinking quality water to homes, businesses and public areas
- › collects, treats and disposes of sewage
- › manages trade waste from our business and industrial customers
- › provides around-the-clock response to water and sewerage emergencies
- › manages customer and stakeholder enquiries
- › issues and manages water and sewerage accounts
- › provides responsive 24/7 incident, media and public information to ensure that our communities are prepared, informed and supported as needed
- › builds, manages, operates and maintains our water and sewerage infrastructure
- › provides returns to our participating councils
- › supports the communities we operate in
- › promotes the environmental improvement of our waterways.

OUR STRATEGIC DIRECTION

OUR VISION



We aim to be a sustainable, industry-leading community and customer-oriented water and allied services business

OUR PURPOSE



Keeping our communities healthy

OUR VALUES



Reliability

We mean and do what we say: consistently and professionally in a timely matter



Safety

We think, walk and talk safety every day and have the systems and processes in place to protect us, our customers, the community and the environment from our activities



Honesty and integrity

The work we do is always and only in the best interests of our customers, stakeholders, community and the environment



Efficiency

We don't waste time, money or effort because we have the right people in the right place getting it right the first time



One team

No one succeeds at the expense or exclusion of others, and we are proud of our collective success



Innovation

We seek new ways of doing things better

STRATEGIC PRIORITIES



**ENHANCE
CUSTOMER VALUE**



**IMPROVE
SUSTAINABILITY**



**PURSUE
EFFICIENCY**



**DEVELOP OUR
PEOPLE**



STRATEGIES

Provide effective,
low-cost
customer service



Be valued by our
community

Encourage
and support
innovation



Develop new
products and services
and alternative
customer
solutions



Meet governance
and compliance
requirements

Improve
systems and
processes



Improve asset
performance
and utilisation



Operate
efficiently

Create a proud
and productive
workforce



Improve our
workforce's safety,
health and
wellbeing

OUR STRATEGIC GOAL IS TO REDUCE OUR TOTAL COST TO SERVE

The *Unitywater Annual Report 2017-18* describes our progress throughout the year towards achieving the goals set out in our *Corporate Strategic Plan 2017-18 to 2021-22*.

At the end of 2017-18 we had achieved our objective of avoiding an extra \$100 on the average customer's bill.

Unitywater's business direction and service delivery aligns with the State Government's objectives for the community, which aim to protect the environment through ensuring sustainable management of natural resources, and deliver new infrastructure and quality frontline services.

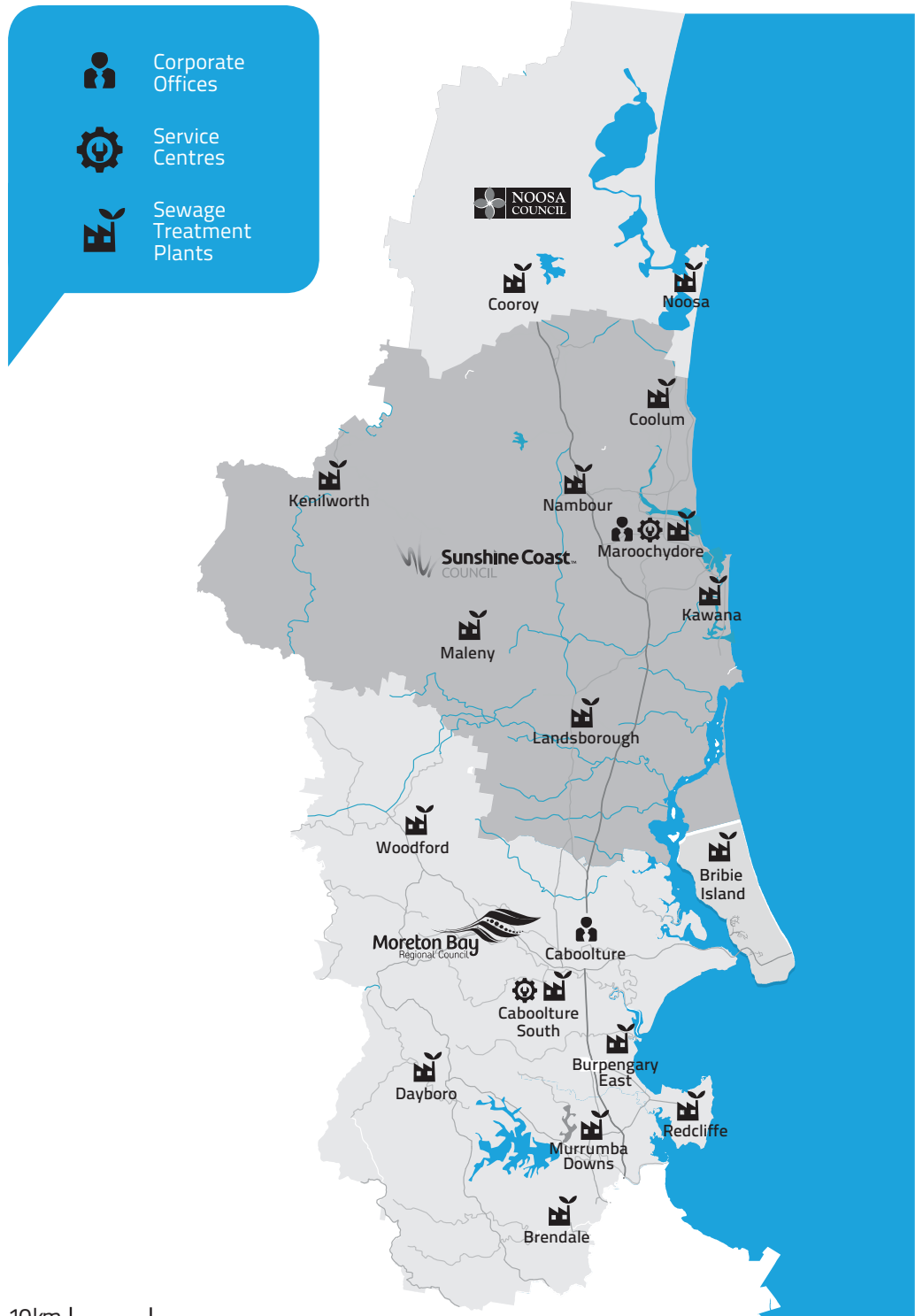
STRATEGIC RISKS

Unitywater has identified and assessed the strategic risks and opportunities that it faces in the following areas:

- › Safety
- › Water quality
- › Customer service
- › Financial sustainability
- › Regulatory compliance and policy
- › Climate change
- › Workforce planning
- › Asset management
- › Innovation and commercialisation.

Unitywater manages these risks and opportunities through its strategic initiatives and annual business planning.

UNITYWATER'S SERVICE AREA



MESSAGE FROM THE CHAIRMAN

This is Unitywater's eighth Annual Report and I believe the 2017-18 year is our best yet.

Our owners, the three Participating Councils, continue to support the Board and management and allow us to get on with the job of managing and growing the business. Unitywater continues to pay fair dividends and a sensible ROI to the council owners.

We manage over \$3.4 billion in water and sewerage assets and our performance in delivering safe drinking water and collecting sewage from over three quarters of a million people has been excellent.

In the last year our workforce has been transformed into one that is highly efficient, effective and modern, ready and able to respond to the demands of a 24/7 business. Workplace reform, diversity and equity employment policies, and a program to recruit more young people have all been very successful for our organisation.

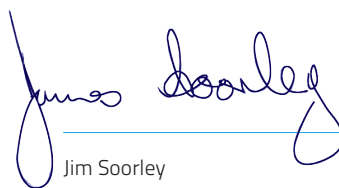
Unitywater is delivering on our long-term strategy to keep our water pricing low. For four out of our eight years we have implemented a price freeze on Unitywater's usage charges. This is a first for a utility in Australia.

We have been able to achieve this great result while maintaining a strong financial performance. Unitywater has maintained a strong operating position with a profit for the year of \$119.4 million. When we exclude developer contributions (cash and gifted assets) of \$142.6 million and a one-off tax adjustment that occurred during the year, we made a profit of \$7.9 million.

This has been a big year for capital works and the upgrading of our assets. Extensive upgrade work is currently taking place at both Redcliffe and Kawana sewage treatment plants to ensure that these facilities take us into the future.

We continue to manage our business in the difficult environment of climate change. Our determination is to minimise our carbon footprint.

It is important that I acknowledge the unity and strength of our Board. On behalf of the Board I want to thank the Executive Leadership Team and all employees for a very successful year.



Jim Soorley
Chairman

4 September 2018

MESSAGE FROM THE CEO

2017-18 has been another year of significant achievement for Unitywater. In our delivery of safe and reliable water and sewage treatment services, we have continued our success across our strategic priorities of enhancing customer value, improving sustainability, pursuing efficiency and developing our people. This report provides further detail on those successes.

I am pleased to report that the entire organisation continues to seek ways to do things better, delivering positive outcomes for both the customer and the environment.

For the fifth consecutive year we have kept our price increases to a minimum and below CPI. This has been helped by the launch of our new website which has made it even easier for our customers to engage with us. Their preference for digital communication is growing – now more than 130,000 customers have chosen the convenience of e-billing, saving the posting of around 520,000 paper bills every year.

The community is seeing the results of our locally based programs that support the vulnerable and disadvantaged, and the environment. As part of our Back to Tap program and with the help of councils, we are rolling out more than 100 water refill stations aimed at reducing the number of single use plastic water bottles. On Bribie Island we unveiled

new artwork, selected by the community, on two water towers. Men's sheds across the region continue to receive our support for the community service they provide.

As a declaration of our commitment to building relationships and creating opportunities for Aboriginal and Torres Strait Island people we have launched our first Reconciliation Action Plan.

We continued to develop our people through a variety of workplace programs aimed at improving capability and delivering better outcomes for our customers and the environment. And as part of our commitment to diversity, we have employed our first female water industry workers in the field.

Industry partnerships remain vital to us. By working in partnership with the development industry, councils and the State Government we facilitated development across the region. And with Australian and international technology partners we are improving our business and asset performance.

Our journey towards total water cycle management this year saw two important milestones. We opened the flood gates at our wetlands at Yandina, increasing their nutrient reduction process, and we began early works on an irrigation scheme that will allow the creation of a 'food bowl' at Wamuran.

This year, after excluding developer contributions (comprising gifted assets and cash) of \$142.6 million from profit after tax and a one-off tax adjustment, Unitywater made a profit of \$7.9 million. This compares to a profit, after excluding developer contributions, of \$5.3 million in 2016-17. Total returns to participating councils, comprising tax equivalents, participation returns and interest on loans, were \$133 million, the same as in 2016-17.

I am immensely proud of the dedicated and talented employees at Unitywater. It is their hard work that brings many of the highlights in this Annual Report to life.

As we move into our ninth financial year of operations, I extend a sincere thank-you to the Board members, the Executive and all staff for your ongoing commitment and dedication to placing Unitywater on a journey to becoming an operationally excellent organisation for the benefit of our customers and the environment.



George Theo
Chief Executive Officer
4 September 2018

YEAR IN REVIEW

HIGHLIGHTS AT A GLANCE

35,443 

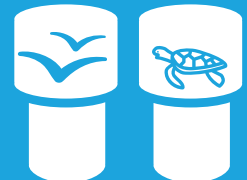
new customers signed up to e-billing

100,000 

people transitioned to SEQ Water Grid in Petrie Water Supply Scheme

2

new community artwork murals on water towers



20,149 

water meters replaced

6.1 

out of 10 customer satisfaction rating

\$138.9M 

invested in water supply and sewerage infrastructure

KEY FACTS FOR 2017-18

THE 2017-18 YEAR SAW UNITYWATER CONTINUE THE DELIVERY OF QUALITY WATER AND SEWERAGE SUPPLY SERVICES TO OUR CUSTOMERS.

- > We operate and maintain \$3.4 billion worth of water and sewerage supply assets.
- > We supplied more than 777,094 people with water and sewerage services across 5223 square kilometres.
- > Our customer satisfaction rating averaged 6.1 out of 10.
- > Our customers include 303,819 residential properties and 17,319 commercial and industrial enterprises.
- > Our investment in infrastructure was \$30.6 million in water supply and \$108.3 million in sewerage.

WATER



Bacteriological compliance with
Public Health Regulation 2005

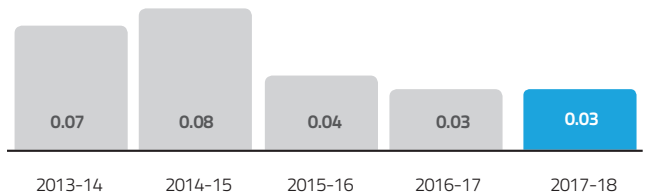
TARGET >98%

Drinking water quality complaints

per 1000 connected properties

TARGET <10

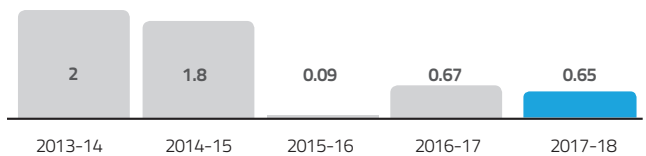
INDUSTRY MEDIAN 2016-17 = 1.0*



Unplanned water supply interruptions

per 100 km of main

TARGET <10

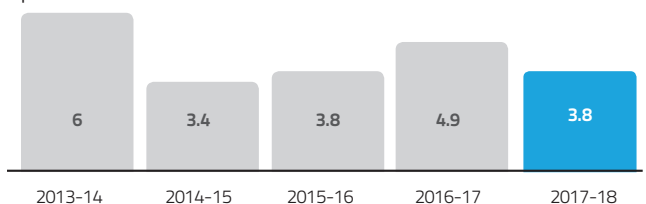


Water main breaks and leaks

per 100 km of mains

TARGET <25

INDUSTRY MEDIAN 2016-17 = 19.6*



*Australian utilities with 100,000+ connected properties (National Performance Report 2016-17 Urban Water Utilities)

KEY FACTS FOR 2017-18

SEWERAGE

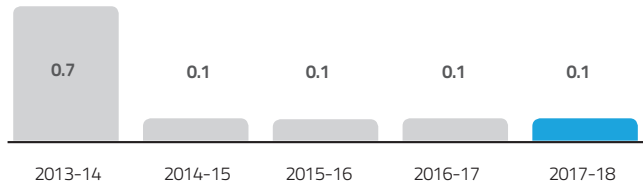


Sewage treatment plants met all licence requirements

Odour complaints

per 1000 connected sewerage properties

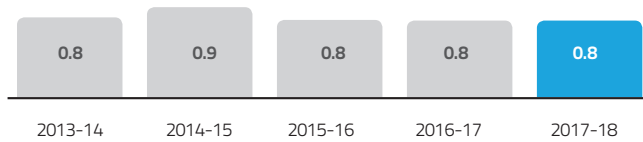
TARGET <3



Dry weather sewage overflows

per 100 km of main

TARGET <2.2

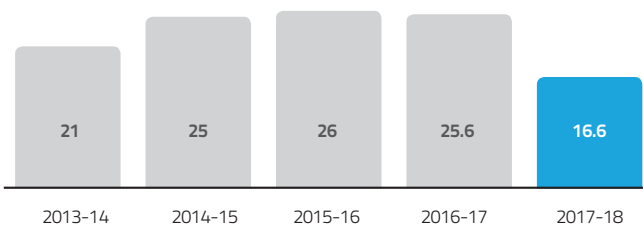


Sewer main breaks and chokes

per 100 km of mains

TARGET <40

INDUSTRY MEDIAN 2016-17 = 25.9*



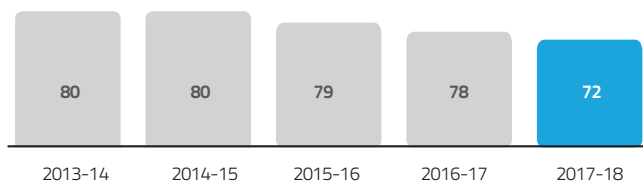
CUSTOMER SERVICE



Calls answered by an operator

within 30 seconds (%)

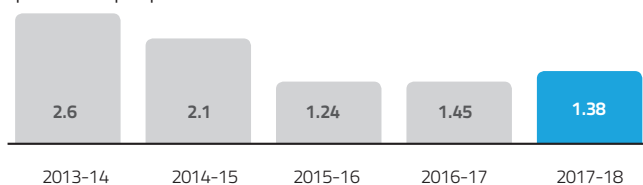
INDUSTRY MEDIAN 2016-17 = 69*



Water and sewerage complaints

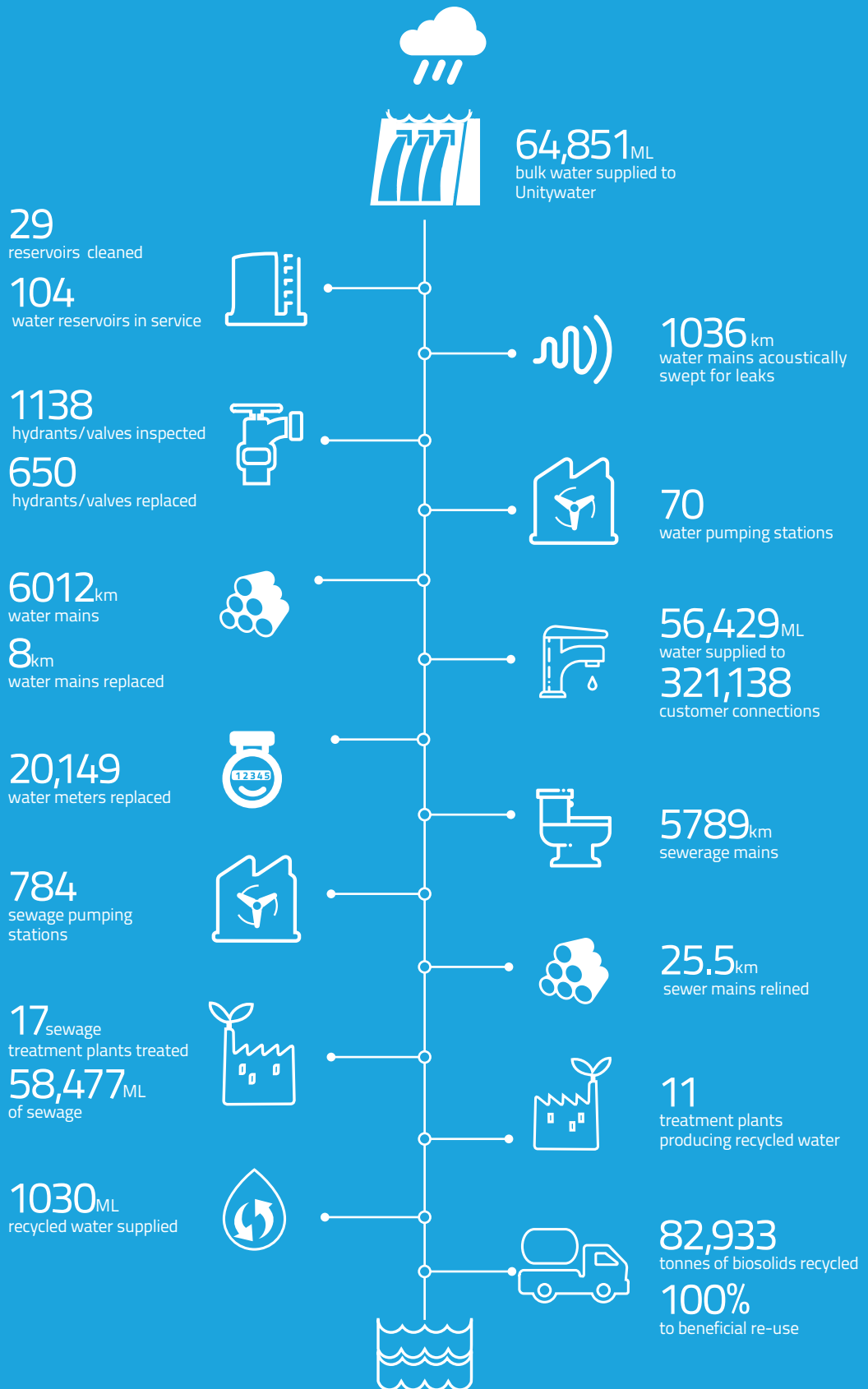
per 1000 properties

INDUSTRY MEDIAN 2016-17 = 3.4



*Australian utilities with 100,000+ connected properties (National Performance Report 2016-17 Urban Water Utilities)

KEY FACTS FOR 2017-18



ENHANCING CUSTOMER VALUE

PROVIDING EFFECTIVE, LOW COST CUSTOMER SERVICE

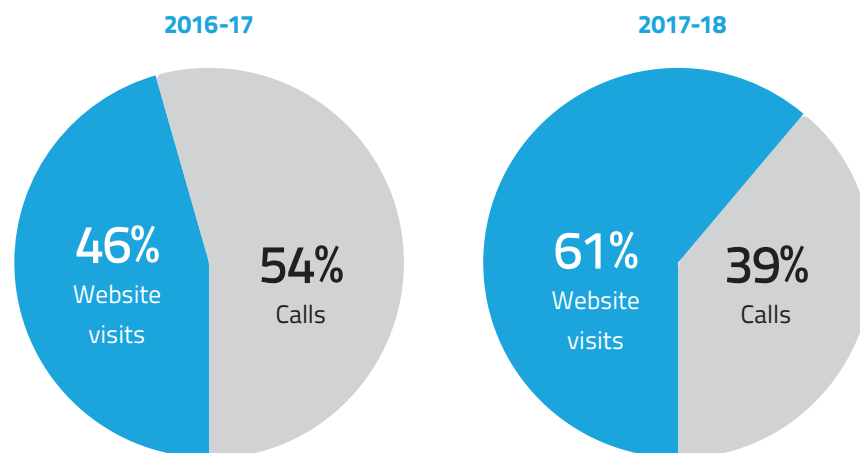
NEW WEBSITE

In mid-August Unitywater went live with our new website, which had been completely revamped to improve our customers' experience of dealing with us. Featuring a bright, contemporary and engaging design and a user-centric layout, the new site is easy to navigate and provides an improved user experience for the large number of customers who visit us online using mobiles and tablets.

A powerful search function makes for easier navigation, while opportunities for customers to resolve their query online themselves are now much greater. Unitywater's customers are increasingly using the website as their first port of call.

The improvements have seen the website's usability, as measured by our customer ease score, increase from 4.1 out of 7 for the old version to a score of 5.8 in June for the new.

After the launch of the new website, the average number of customer calls reduced and website visits rose. Unitywater customers are increasingly using the website as their first port of call.



NEW WEBSITE BRINGS NEW SERVICES ONLINE

Our new website has enabled Unitywater to improve customer service and convenience in a number of areas while reducing the demand on our administrative resources:

› **Water outages map**

A map that shows real-time information about planned and unplanned works, wherever they are happening, has proved very popular, receiving 29,418 hits since go-live in August.

› **Self-serve infrastructure maps**

Our customers and partners are now enjoying enhanced geographic information system (GIS) features available via our new website. Anyone can now access maps of our water and sewerage infrastructure – from reservoirs and mains, to pumping stations and meters.

› **Online forms**

Many of our forms that enable customers to change their services and accounts are now available directly through our website. Instead of downloading, printing, completing and sending forms, they can be completed on the screen and uploaded to Unitywater.

› **Webchat**

The upgrade of the Contact Centre's customer platform also means that customers can use webchat to resolve their queries.

› **A water quality search**

Customers can enter their postcode and check the water quality in their suburb.

› **Pool and spa guide**

A pool and spa fill guide shows estimated fill and top-up costs for common pools and spas.

› **Feedback**

A new feedback feature allowing customers the ability to quickly rate pages and provide feedback.

ENHANCING CUSTOMER VALUE

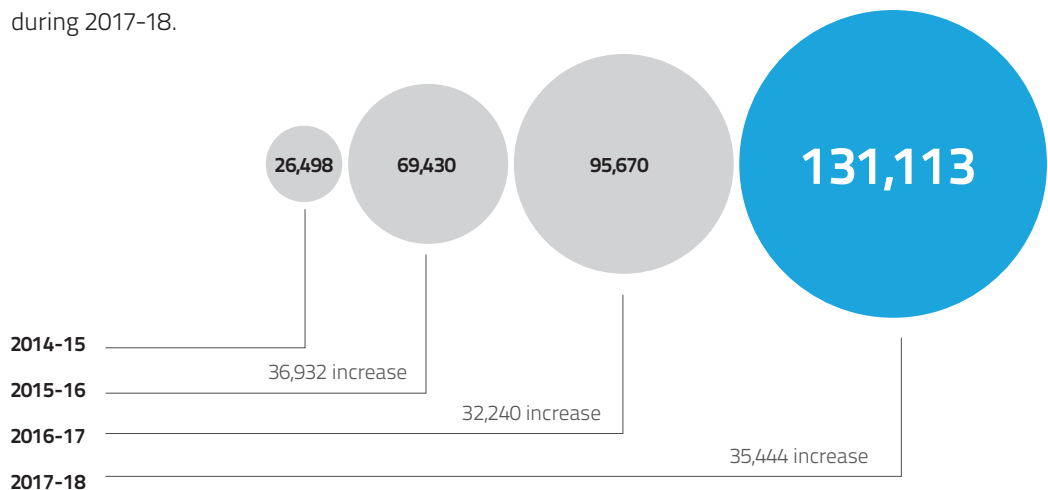
EMBRACING DIGITAL CONVENIENCE

Customers are continuing the trend of dealing with us digitally.



Customers on e-billing

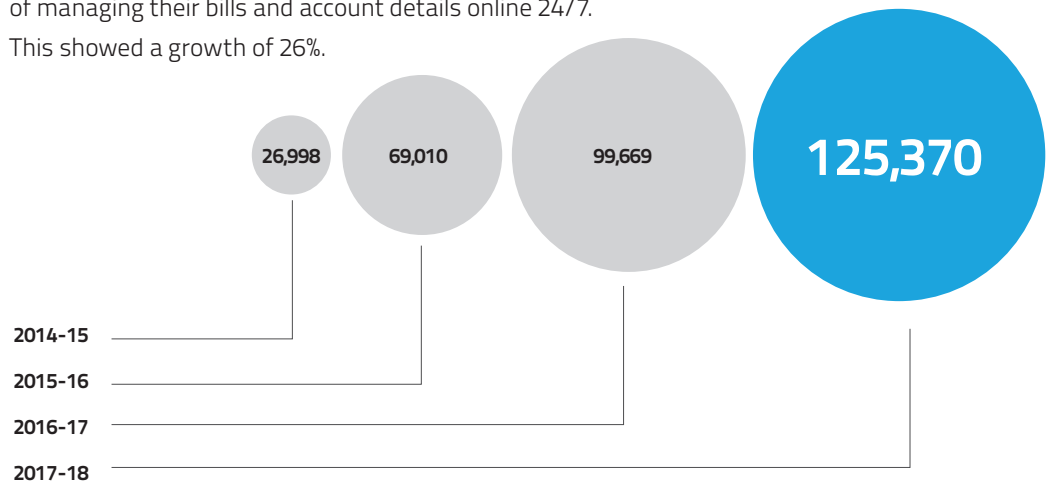
The number of customers choosing to receive their bills by email or SMS grew by 35,444 or 37% during 2017-18.



Customers on My Account

During the year another 25,701 customers signed up for My Account, preferring the convenience of managing their bills and account details online 24/7.

This showed a growth of 26%.



DIGITAL METERING TRIAL

Unitywater's trial of digital metering technology has continued throughout the year at 1000 residential and commercial properties in Noosa and Clontarf. With the creation of the customer dashboard, customers can register to view their water consumption online and receive leak alerts.

METER REPLACEMENT PROGRAM

During the year Unitywater replaced 20,149 water meters at our customers' properties. The meter replacement program identifies the most economic point at which a meter should be changed, balancing any revenue loss from the old meter against the capital cost of replacement, over the service life of the meter. The program also helps us to identify lost water so we can work to save the revenue it would otherwise bring.

CUSTOMER EXPERIENCE PROGRAM

Unitywater uses customer feedback to continuously improve the service interactions with our customers and evaluate the impact of improvements that we make. Learnings from feedback about what customers value from these interactions have been incorporated into a new Customer at the Heart Training Program rolled out to 104 staff members during the year. This TAFE-accredited interactive training program has been designed to embed a customer-centric culture across Unitywater. It provides frontline and back-office staff with the skills and support needed to understand how they impact, and can improve, the customer experience.



ENHANCING CUSTOMER VALUE

BEING RECOGNISED BY OUR CUSTOMERS FOR THE VALUE OUR SERVICES PROVIDE



To see a video of one of our clean-up events, go to bit.ly/plasticfreebeach

BACK TO TAP PROGRAM

Unitywater's Back to Tap program went from strength to strength during the year, aiming to reduce consumption of single use plastic water bottles. Two custom-made water refill caravans provided free chilled water on tap at 209 community events and distributed 21,480 reusable water bottles to community members. In total, the Back to Tap campaign sponsored 17 environmental clean-up events across the service region and sponsored three major events to become single-use plastic water bottle free. A trial permanent water fill station was installed at Ocean Street, Maroochydore prior to a planned rollout of the units at selected council areas and sporting facilities.

CUSTOMER VALUE RESEARCH PROGRAM

Throughout the year, Unitywater has continued to expand our voice-of-the-customer program. Through it, customers can tell us what they value, what their experience of our service delivery is, and where they would like us to focus our improvement efforts. Customer feedback surveys were expanded to cover four additional customer touch points with the business, bringing the total to 10. Each month we sent an average of 4000 invitations to customers to provide us with feedback and we received approximately 550 responses.

MORE CONVENIENT IN-HOUSE CUSTOMER CONTACT

Early in the financial year the Customer Contact Centre hours of opening were extended and after-hours service was brought back in-house to the Operations Centre, providing our customers with even more convenient service. Customer service officers are available to respond to customers queries from 7am to 6pm during weekdays, while the after hours and emergency service remains available 24/7. The Customer Contact Centre, the Operations Centre and reception desks all upgraded to a new customer management platform, further streamlining the service we provide.



To see a video of the Bribie Island murals, go to bit.ly/woorimwatertower

BEING VALUED BY OUR COMMUNITY

BRIBIE ISLAND MURALS

Two water towers on Bribie Island are the latest prominent infrastructure to be painted with large scale murals as part of our Community Artwork Program. The Bribie Island community voted for their favourite designs from several alternatives, the creation of which had been guided by input from local residents and businesses. The community's choice for the Woorim tower was completed in March and Bongaree completed in June.

YANDINA CREEK WETLANDS LAUNCHED

Environment Minister Steven Miles officially opened Yandina Creek Wetlands in November to celebrate this green infrastructure solution. Originally cane land that had been drained with channels and tidal gates, the 190-hectare property was purchased as an alternative to upgrading local sewage treatment plants. In May we opened a number of tidal gates to allow inundation to start the creation of the wetland ecosystem. The wetlands will capture nutrients from Yandina Creek and Maroochy River, offsetting against those entering the river in treated effluent. Unitywater has partnered with Birdlife Southern Queensland, University of Sunshine Coast and Griffith University to study the property with the aim of improving our understanding of the broader environmental benefits of the wetlands.



MOODLU QUARRY HOME TO COMMUNITY GROUPS

Unitywater has provided the Moodlu and District Men's Shed with a space to form and grow their group on the outskirts of Caboolture. The site, situated at the old Moodlu quarry, is a great place for members of the community to come together. We also granted a model marine club access to the site. These sponsorship arrangements keep our community groups strong and enhance the lives of people living in our region.

CONTINUED SUPPORT TO NOOSA MEN'S SHED

The Noosa Men's Shed continues to flourish in its space on Unitywater's land. The shed has expanded its facilities and now has around 150 members. We are pleased to continue our support of this community group which began in 2014 with our help.

IMPROVING SUSTAINABILITY

ENCOURAGING AND SUPPORTING INNOVATION

A CULTURE OF INNOVATION

Unitywater has continued to foster a culture of innovation through our online innovation platform. Staff at all levels of the organisation can register and collaborate on ideas and pitch them to executives for support and funding. During the year 246 staff contributed to more than 291 ideas. Some of the ideas that have been trialled and implemented include:

- › trialling innovative methods to improve the nutrient composition of wetlands, minimising long-term wetland reset costs
- › using machine learning to forecast sewage pump station overflows in wet weather
- › trialling drone inspections of water reservoirs, reducing the need for manual, high-risk inspections
- › leveraging geographic information system mapping technology to enhance the level and value of customer information on our website's outage map.

PIPE REHABILITATION RESEARCH PROJECT

In March, Unitywater helped found a \$24 million research project aimed at improving rehabilitation technologies to increase the service life of water supply and sewer pipes. The Water Services Association of Australia is coordinating the project, bringing together 11 Australian water authorities, three Australian universities, 13 companies working in this field and three international research organisations. The three-year project will see the development of new standards for pipe rehabilitation, materials testing of a variety of proprietary lining materials, new robotics to assess pipe condition, sensors built into liners to monitor their gradual degradation, and training and education for project participants.

DEVELOPING NEW PRODUCTS AND SERVICES

CONCEALED LEAK INSURANCE PRODUCTS

Unitywater customers with stand-alone residential properties can now access Concealed Leak Protection Insurance products, thanks to our partnership with Allianz Global Assist. Customers can choose from three products, with the basic policy costing \$35 per annum. Unitywater is the referral partner promoting the products and directs enquiries to Allianz.

WATCH OUT for the
Leaksters

SMALL COUNCILS BENEFIT FROM LEAK EXPERTISE

Gympie Regional Council is our first customer to take up a water leak detection and management service for small water utilities developed by Unitywater and TaKaDu. TaKaDu is a leading international analytics software system that can determine concealed leaks in a water pipes. Through our control room in Maroochydore, Unitywater provides the event management services to monitor other utilities' water networks in real time, saving thousands of dollars each year in undetected leaks.

GENERATING NEW REVENUE STREAMS BY LEVERAGING OUR ASSETS AND CORE CAPABILITIES

LAND PORTFOLIO STRATEGY

Following the development of a strategy to analyse our land portfolio, Unitywater has established a process to generate a return on under-utilised land assets. Achieving ongoing revenue from land assets will support our goal of keeping our prices low for our customers. As at the end of the year we are pursuing development projects on surplus land at Margate, Buderim and Brendale.

FORMER SEWAGE TREATMENT PLANT LEASED

During the year we entered into a commercial arrangement with a local earthmoving business, leasing to them part of our disused sewage treatment plant site at Yandina. The business operators now look after the site for us and pay a commercial rent, which means lower costs for our customers.

LABORATORY SERVICES

Unitywater has secured Moreton Bay Regional Council as a customer of our laboratory testing services. These include quarterly sampling and analysis of groundwater bores and monthly monitoring of an irrigation tank for Samford Parklands Football Precinct.

PURSuing EFFICIENCY

IMPROVING SYSTEMS AND PROCESSES AND USE OF TECHNOLOGY

ALIGNING ASSET MANAGEMENT WITH ISO55000

In early August Unitywater finalised our asset management improvement plan which outlines how we will achieve alignment with the International Standard in Asset Management ISO55000. We are on track with the plan and have achieved the key outcomes of developing a revised asset management policy, strategic asset management plan and system framework documentation. A competency framework will ensure all roles consider asset management and a range of communication mechanisms have been used to build awareness for asset management across the business.

PROCESS IMPROVEMENT INITIATIVES

During this year we ran six process improvement initiatives to analyse and improve cross-functional processes across Unitywater: infrastructure charges, sub-metering, backflow devices, private works, dispatch, and capital project requests. We focused on increasing quality, improving efficiency and reducing duplication and rework. Unitywater's pursuit of efficiency through process improvement resulted in an Honorary Mention at the OPEX Australia 2017 Awards.

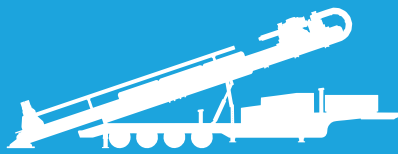
FINANCE SYSTEMS OPTIMISATION PROJECT

Throughout the year Unitywater delivered automated capability to our staff through improved finance and procurement technology. We have moved to a process that semi-automates the creation, management, evaluation and awarding of tenders and have moved to a cloud-based finance system. Other business improvements that will be delivered by the project include creating a new financial fixed asset register and rolling out a redesigned chart of accounts. The project will deliver significant efficiencies to our business operations and reporting.

DATA INSIGHTS INCREASE EFFICIENCIES

At Unitywater we collect data on assets, water quality samples, billing and meter reading and asset maintenance to help us provide low cost water and sewerage services to our customers. Business Intelligence is driving insight to optimise our maintenance programs and processes while ensuring customer services are maintained at a high level. Through Business Intelligence tools we have already:

- eliminated over 2000 hours of manual reporting effort
- improved the reliability of our water and sewerage networks through automating how we prioritise the renewal of our assets
- decreased the average time our customers are out of water by 40 minutes.



UNITYWATER WINS 2017 AUSTRALIAN TRENCHLESS PROJECT OF THE YEAR

Unitywater won the Australian 'Project of the Year – New Installation' award for an emergency sewerage project that saw a 350-metre pipeline installed under Noosa River in a highly sensitive environment. The award was presented at the National Australasian Society for Trenchless Technology (ASTT) awards, held at the No-Dig Down Under Conference on the Gold Coast.

IMPROVING ASSET PERFORMANCE AND UTILISATION

PETRIE WATER SUPPLY UPGRADE

In April Unitywater and Seqwater completed the transition of 100,000 people in Dakabin, North Lakes, Mango Hill, Kallangur, Murrumba Downs, Griffin, Petrie, Lawnton and Strathpine to the SEQ Water Grid. The upgrade of the Petrie Water Supply Scheme gave residents in these areas a more secure drinking water supply and allowed the decommissioning of the old Petrie Water Treatment Plant. The transition was completed without any impact on our customers. Major infrastructure built by Unitywater as part of the \$16.25 million project included 2.4 kilometre pipeline, a pumping station at Petrie and a new water quality management facility at Boundary Road Reservoir.

WATER AND SEWER NETWORK RISK MODEL

Through collaboration with Data61 from the CSIRO we have created a failure prediction model for water and sewerage pipes. The model was developed using maintenance and asset data from Unitywater, publicly available information such as weather and demographic data, and machine learning techniques. Its forecasts of future pipe performance allow us to identify areas in the network at highest risk and plan for their renewal and maintenance. The project won the best paper award at QWater in October and, together with Data61, we delivered a paper to the Ozwater conference in May.

PURSUING EFFICIENCY

DEVELOPMENT INCENTIVES POLICY

In July Unitywater reduced infrastructure charges in designated areas as an incentive to developers to increase development density. Investment in developed areas that have underutilised water and sewerage infrastructure reduces the cost to serve by spreading the cost of owning and operating the existing infrastructure across a larger number of connections. This policy was developed in conjunction with Moreton Bay Regional Council and Sunshine Coast Council, which have developed similar incentive schemes. Under this policy reductions in infrastructure charges are possible in designated areas of Nambour, Caloundra, Caboolture and along the Strathpine-to-Kippa Ring rail corridor.

RESOURCE RECOVERY

Unitywater has commenced investigations into making our 17 sewage treatment plants cost neutral. Treating sewage is energy-intensive however the biosolids that result from the treatment process are rich in organic material. By processing them in a digester, biosolids will produce methane-rich biogas. During the year we began construction of a digester for this purpose at the Kawana Sewage Treatment Plant as part of our upgrade of the plant. Other opportunities examined during the year include adding solar facilities to the treatment plants to generate electricity and working with Sunshine Coast Council to investigate collecting waste food from commercial premises for digestion to generate biogas.

NUTRIENT OFFSETS PROGRAM

Unitywater is seeking to reduce the cost of sewage treatment services by taking a whole-of-catchment approach to protecting the health of our community and our natural waterways. Under our nutrient offsets program, works such as river bank stabilisation, wetland establishment and recycled water irrigation schemes reduce the nutrient load on waterways. The reduction offsets the nutrient load entering the waterways from treated effluent and comes at a lower cost than upgrading a sewage treatment plant. It also provides broader benefits to the community such as boosting the local economy through increased agricultural production.

ENGAGING WITH THE INTERNATIONAL WATER INDUSTRY

Unitywater has entered into a research and development agreement with international water management company Suez Water with a view to sharing and developing knowledge and achieving innovative project outcomes. We are currently collaborating to investigate innovative solutions for the transformation of the Maroochydore Sewage Treatment Plant into a modern, low impact, energy neutral sewage treatment facility. Suez Water is one of several national and international water and allied technology companies that we are engaging with to identify ways to lower the cost of services, improve public and environmental health and boost economic opportunities, without reducing standards.

WAMURAN IRRIGATION SCHEME

With the population of the Caboolture River catchment forecast to grow by more than 100,000 people over the next 20-25 years, Unitywater is creating a recycled water irrigation scheme in Wamuran as an alternative method of managing the expected increase in sewage effluent. Instead of upgrading the capacity of our sewage treatment plants, we have chosen to support long-term regional economic growth and development in the catchment with a scheme that will ultimately provide a secure source of water to 2460 hectares of active and potential agriculture. During the year we completed a 4600-metre section of the water supply pipeline within an unused rail corridor and we are currently developing a procurement strategy for the scheme.

IMPROVING BUSINESS OPERATIONS

FIVE-YEAR CAPITAL BUDGET TO BETTER SERVE OUR CUSTOMERS

Unitywater plans to maintain and enhance our infrastructure with a five-year capital budget of \$583 million, aimed at prudent and efficient investment that contributes to regional prosperity. Projects of note include the development of the Wamuran Irrigation Scheme (see left) and the nutrient offsets program on page 25, the upgrade of the Kawana Sewage Treatment Plant, and the construction of major external infrastructure associated with new developments on the Sunshine Coast. Proposed expenditure over the five-year period includes \$168 million for the renewal and upgrade of existing sewage treatment plants, \$144 million for network growth projects, \$167 million for network renewal projects, \$62 million for recycled water projects and \$39 million for resource recovery projects.



UNITYWATER WINS 'LEADING ENERGY USER' AT THE NATIONAL ENERGY EFFICIENCY AWARDS

In November Unitywater won a National Energy Efficiency Award. The outstanding achievements of our Energy Reduction Program meant we were named Leading Energy User for 2017, recognising Unitywater's demonstrated excellence in energy management including performance, leadership and innovation.

It was presented by the Energy Efficiency Council in partnership with the Energy Users Association of Australia.

PURSUING EFFICIENCY

ACCREDITATION AND CERTIFICATION SYSTEM

During the year Unitywater implemented an Accreditation and Certification System which enables suitably qualified third parties to assess and certify water supply and sewerage connections to our infrastructure. Applicants were required to undertake 28 hours of training from Unitywater over 14 topics covering a wide range of development and infrastructure issues. More than 50 people have been appointed as registered certifiers for the categories of major connections, minor connections and construction. The system ensures applications for connections proceed faster without losing quality or increasing risk to our customers.

IMPROVING WORKFORCE PRODUCTIVITY

ASSET TECHNICAL LIBRARY

During the year our workforce productivity was improved by the creation of a central source-of-truth for all of our asset literature. This includes "As Constructed" drawings, asset condition reports, operation and maintenance manuals, vendor manuals and house drainage plans. This has resulted in a significant reduction in hard copy drawings, making it easier for people across the business to share information.

WATERCOOLER

LAUNCH OF NEW INTRANET

Unitywater staff are enjoying the ease of finding what they want, when they want it, on our new intranet that went live at the end of October. Updated content is presented on the new contemporary and engaging 'Watercooler' that is now a hub of interaction and information. The site features the best in user-centric design and an information architecture deliberately tailored to the individual user. New search and navigation functions make finding information fast and straightforward, and interactive workspaces enable online collaboration.

DEVELOPING OUR PEOPLE

BUILDING WORKFORCE CAPABILITY AND ENHANCING CULTURE

WATER INDUSTRY WORKER TRAINING PROGRAM

Unitywater's Water Industry Worker Training Program commenced in early July and has grown to 84 participants at the end of the year. For the first time in Unitywater's history, this included four female Water Industry Workers (WIWs) providing an essential front-line field service to our customers. All WIWs are trained to a nationally recognised industry standard in water operations and are provided with multiple opportunities for career progression across the business.

In December the WIW Training Program was nominated for the 'Best Collaboration with Industry' Award at SkillsTech. Unitywater was also named as one of three finalists for the 'Large Employer of the Year' Category in the 2018 Queensland Training Awards (North Coast Region). The organisation was commended for its training design, development and implementation of the Water Industry Worker Program and the positive outcomes it has had in our business.

PIPELINES FOR FUTURE CAREERS

Unitywater continued our programs that provide early career experiences and opportunities across a broad range of disciplines throughout our business. Local high school students benefited from our work experience program and university students gained an insight into career pathways through paid vacation work. During the year we launched our first multi-disciplinary development program for eight university graduates who will benefit from rotations across a variety of teams in Unitywater. We also continued our partnership with the University of the Sunshine Coast through the Unitywater Engineering Scholarship. As part of our Reconciliation Action Plan and in partnership with Community Solutions Group Training Organisation, we commenced our Water Industry Traineeship and ongoing work experience placements for Aboriginal or Torres Strait Islander people.

uVOLUNTEER

Unitywater staff members continue to volunteer their time supporting selected charities and community organisations across our service area. During the year the program was expanded and staff can now choose from 10 umbrella organisations and 22 different volunteer activities.



RECONCILIATION ACTION PLAN

In May Unitywater launched our first Reconciliation Action Plan (RAP). It is a commitment to building relationships and respect and creating opportunities for Aboriginal and Torres Strait Islander people. The plan was developed by an internal working group following consultation with our Traditional Owners. Key initiatives of the RAP include:

- › provision of ongoing technical support for the Indigenous community of Mornington Island
- › a traineeship program and ongoing work experience placements in Field Services
- › opportunities for indigenous suppliers
- › an Aboriginal community artwork project at our new pump station at Duck Holes Creek
- › cultural competency training
- › meeting room plaques to tell the dreaming stories of our waterways.

WHITE RIBBON ACCREDITATION

Unitywater's achievement of White Ribbon accreditation is an important milestone in our commitment to the prevention of domestic and family violence. Over a two-year period we have:

- › trained our team members to recognise respond refer
- › implemented education within our contractor induction
- › extended community support to a second refuge in the Moreton Bay Regional Council area.

A DIVERSE AND INCLUSIVE UNITYWATER

Our Diversity and Inclusion Programs spans a three-year period to June 2018. During that time, our focus has been on breaking down the barriers, improving representation and celebrating the differences in our teams. Our achievements include:

- › women employed in non-traditional roles, especially Field Services
- › endorsement of our first Reconciliation Action Plan
- › celebration of International Women's Day across all Unitywater sites, and involvement in activities in Brisbane and the Sunshine Coast
- › volunteer working groups focused on gender, culture, age, all abilities and LGBTIQ+.

GENDER PAY EQUITY

The aim of Unitywater's gender equity program in the workplace is to achieve equal outcomes for women and men by aligning people practices, culture and behaviours. This will lead to the:

- equal pay for work of equal or comparable value
- removal of barriers to the full and equal participation of women in the workplace
- access to all occupations, including leadership roles, regardless of gender
- elimination of gender discrimination, including caring responsibilities.

The 2018 review of gender pay equity across all employees indicates females receive 4.5 per cent less total remuneration than males (compared with the Australian national gap of 15.3 per cent and the electricity, gas, water and waste services national gap of 10.5 per cent).

CRUCIAL CONVERSATIONS LEADERSHIP INVESTMENT

Unitywater wants a culture where all leaders are able to have open, honest and sometimes difficult conversations and to ensure all team members feel safe to communicate and get over obstacles together. The Crucial Conversations program tackles communications head on: it supports leaders and enables team members to feel motivated, committed and connected. Participants are required to attend a two-day program and six one-hour coaching sessions. During the year we conducted 12 programs and 28 coaching days. At the end of June 191 people had attended the program.

IMPROVING OUR WORKFORCE SAFETY, HEALTH AND WELLBEING

FLEXIBLE WORKING PRACTICES

Unitywater is rolling out guiding principles around flexible working practices and supporting processes for team members and leaders to start the conversations as we evolve our One Flexible Team approach. We have been challenging our own views about flexibility: what it looks like and how it works for each individual, and testing practical actions to operationalise flexibility across the organisation. At the 2018 Flexible Working Day Awards we won the category of Team Champion.

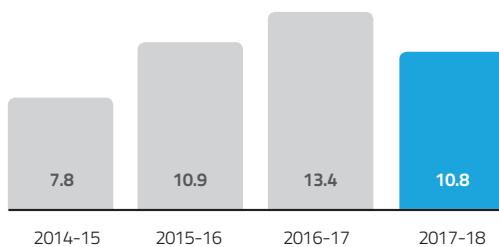
SUPPORTING HEALTHY MINDS

During the year we developed the Supporting Healthy Minds framework, helping Unitywater to identify psychosocial risks and for our people and to adopt mechanisms to control them. We began with education and awareness sessions in May aimed at specialists and members of our Executive Leadership Team. To support this learning, we have drafted a workplace response kit and are finalising a communication and engagement plan. Unitywater continues to work with the Water Services Association of Australia on industry guidelines and with Workplace Health and Safety Qld and Beyond Blue within local networks on the Sunshine Coast.

UPGRADE OF SAFETY MANAGEMENT SOFTWARE

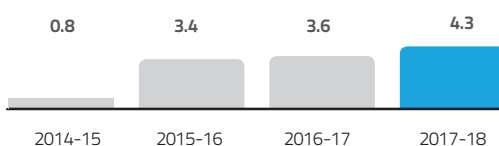
During the year we worked on an upgrade to our safety management reporting software, Intelx. The introduction of a mobile app will support Unitywater's Lifesaver rules and its aim of achieving Zero Harm. It will allow field-based staff to capture hazards, near misses and incidents as they are identified, and complete inspections on site. The upgrade will significantly improve the data captured relating to safety, environment and audit events, allowing for improved reporting and insights. It is planned to be rolled out in September 2018.

Significant injury frequency rate*



*PER MILLION HOURS WORKED.

Lost time injury frequency rate*



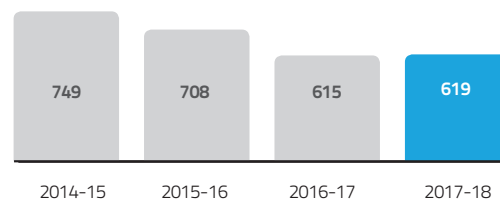
*PER MILLION HOURS WORKED.

WORKFORCE PROFILE

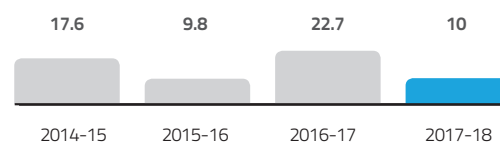
At the end of June 2018, Unitywater employed 619 full-time equivalent staff, with a broad range of professional, paraprofessional, technical and trades skills and competencies.

Secondments or acting in higher duties are a means of providing valuable experience and development opportunities for employees. During the year 165 secondments or elevation to higher duties occurred.

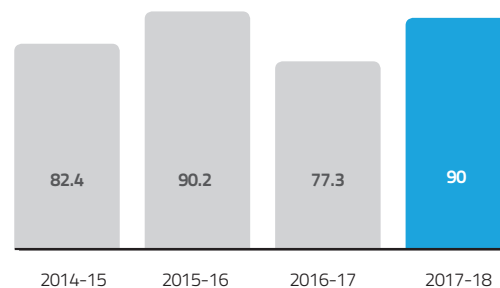
Full-time equivalent employees



Permanent separation rate (%)



Permanent retention rate (%)



EMPLOYEES OF UNITYWATER

	2017-18				FTE 2017-18	2016-17				FTE 2016-17
	Full time	Part time	Casual	Total		Full time	Part time	Casual	Total	
Gender										
Male	384	6	5	395	390	395	3	3	401	399
Female	190	32	29	251	229	174	30	35	239	216
TOTAL	574	38	34	646	619	569	33	38	640	615
Age										
15-24	19	1	1	21	20	16	1	1	18	17
25-34	81	9	11	101	93	77	9	13	99	91
35-44	149	13	5	167	161	151	11	6	168	161
45-54	173	6	8	187	182	170	6	10	186	181
55-64	144	5	8	157	151	143	6	8	157	152
65+	8	4	1	13	11	12	0	0	12	12
TOTAL	574	38	34	646	619	569	33	38	640	615
Classification										
Executive	6	0	0	6	6	7	0	0	7	7
Senior employee	68	6	0	74	73	67	4	0	71	70
Administration and field staff	498	32	34	564	538	495	29	38	562	538
Total	574	38	34	646	619	569	33	38	640	615

RISK MANAGEMENT AND ACCOUNTABILITY

OUR BUSINESS-WIDE APPROACH TO IDENTIFYING, PRIORITISING AND MANAGING RISKS UNDERPINS UNITYWATER'S COMMITMENT TO GOOD MANAGEMENT AND CORPORATE GOVERNANCE.

Unitywater aligns our approach to risk management with the framework outlined in ISO 31000-2018 Risk Management – principles and guidelines.

The Audit and Risk Committee (see page 36 for details) is responsible for assisting the Board to discharge its corporate governance responsibilities to exercise due care, diligence and skill in regard to risk management and auditing.

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

The Audit and Risk Committee observes the terms of the *Audit and Risk Committee Charter* and the *Audit Committee Guidelines: Improving Accountability and Performance* issued by the Queensland Treasury. The Committee's role is to oversee the financial management, internal controls, risk management, compliance and work health and safety. It receives and considers reports and recommendations from the external (Queensland Audit Office) and internal auditors (see right).

Unitywater's Code of Conduct aligns to the ethics principles and ethics values in the *Public Sector Ethics Act 1994*.

Code of Conduct training is provided to all new employees. Existing staff undertake retraining every two years. The next round of Code of Conduct training is proposed to be completed by all staff in the first quarter of 2020.

INTERNAL AUDIT

Unitywater has established an internal audit function to provide assurance to the Board that Unitywater's financial and operational controls designed to manage the organisation's risks and achieve the entity's objectives are operating in an efficient, effective and ethical manner. The function is undertaken by independent internal auditors who work in accordance with a strategic and annual plan approved by the Audit and Risk Committee, in accordance with the Internal Audit Charter and the Treasury's Audit Committee Guidelines. In 2017-18 the internal auditors have successfully completed all audits identified in the annual plan.

INFORMATION SYSTEMS AND RECORD KEEPING

Unitywater makes and keeps full and accurate records of its activities in accordance with the standards and policies issued by the Queensland State Archives.

Our record keeping is informed by the *Public Records Act 2002*, Records Governance Policy 2018 and Records Governance Policy Implementation Guideline 2018.

Our record keeping program is documented through our policies and procedures. We have developed appropriate record keeping systems and tools such as an Electronic Document and Records Management System (EDRMS) and a Business Classification Scheme.

We continue to proactively communicate with all staff about their record keeping obligations via training workshops, individual training and the use of fact sheets.

COMPLAINTS MANAGEMENT

Under our Customer Charter we have thorough internal processes to investigate and resolve customer complaints. We manage complaints in accordance with AS ISO 10002-2006 Customer Satisfaction Guidelines for Complaints Handling in Organisations.

If complaints are not resolved to a customer's satisfaction they can be referred to the Energy and Water Ombudsman Queensland (EWOQ) for review. During the reporting period 115 matters were referred to EWOQ by customers.

CONSULTANCIES AND OVERSEAS TRAVEL

Details of spending on consultants and overseas travel undertaken by Unitywater representatives can be accessed at the Queensland Government Open Data website qld.gov.au/data

OUR STRUCTURE

OUR BOARD

Unitywater's independent skills-based Board guides our Executive Leadership 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.

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

JIM SOORLEY AM

BA (Psych), MA (Org Psych)

Chairman

Jim was Lord Mayor of Brisbane from 1991 to 2003. He has been the Chairman at Unitywater for eight years. Jim is involved in many activities in South-East Queensland. He is also the Chair of CS Energy and on the Board of Terracom.

SHARON DOYLE

LLB (Hons), BIT (Dist), Grad Dip Bus Admin, GAICD

Sharon is the Managing Director of InterFinancial, a corporate finance advisory and mergers and acquisitions firm. Sharon is also a non-executive Director of TechnologyOne, Australia's largest enterprise software-as-a-service company and one of Australia's top 150 ASX-listed companies. Sharon has held leadership roles in Mincom Limited and Allens: Linklaters.

FIONA WATERHOUSE

B Mfg Mgt, Dip Env Studies, Cert Business, GAICD

Fiona is CEO of bioenergy developer Utilitas, one of the pioneers of the emerging industrial bio-products market in Australia. A production engineer by trade, Fiona has owned and advised industrial and technology-related business for the past 20 years. The Business Sustainability Roadmap that she developed as part of her role in the Queensland Environment Department between 2000 and 2003 was recognised as a sustainable development milestone for Queensland.

BARRY CASSON

MAICD

Barry was initially in chartered accounting before moving into corporate finance roles and executive management positions more than 40 years ago. His roles have predominantly been as an executive finance director in the mining sector, although his background also includes property development and agribusiness, more recently in the role of consultant. Barry served as non-executive Chairman of Metallica Minerals Limited (ASX listed) until December 2016 and he remains a non-executive Director on the boards of Archipelago Metals Limited and CassTech Limited. Barry is also Company Secretary of CassTech Limited and Archipelago Metals Limited.

MIKE WILLIAMSON

FAICD

Mike brings to Unitywater more than 30 years' experience in the fields of water and sewage management, waste minimisation, resource recovery, engineering and project management. He has held positions as Managing Director of CH2M Australia and as Managing Partner of global consulting firm Environmental Resources Management (ERM). From 2001 until 2015 he was Chairman of the Oil Stewardship Advisory Council and he has held Board positions with Keep Australia Beautiful and Special Olympics NSW. Mike is also non-executive Chair of ECOllaboration Ltd, a not-for-profit company, based on the Sunshine Coast providing ecological and environmental services and environmental education. Mike is a qualified marine and mechanical engineer and is a Fellow of the Australian Institute of Company Directors.

BOARD MEETING ATTENDANCE 2017-18

Board Member	Eligible to attend	Meetings attended
Jim Soorley	10	10
Sharon Doyle	10	9
Barry Casson	10	9
Mike Williamson	10	10
Fiona Waterhouse	10	10

BOARD COMMITTEES 2017-18

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

Committee	Scope of activities	Members	Eligible to attend	Meetings attended
Audit and Risk	The Audit and Risk Committee helps the Board to fulfil its corporate governance responsibilities by reviewing Unitywater's safety reports, risk management reports and annual financial reports. In addition, it provides oversight and direction with respect to internal control systems, insurance, and audit and regulatory compliance processes.	Barry Casson (Chair)	4	4
		Sharon Doyle	4	4
		Fiona Waterhouse	4	4
Capital Works Committee	The Capital Works Committee reviews, oversees and reports to the Board on the appropriateness of Unitywater's capital works practices for projects above \$5 million. Its role includes a detailed review of the annual program of capital works and associated budget.	Mike Williamson (Chair)	4	4
		Jim Soorley	4	4
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.	Sharon Doyle (Chair)	3	3
		Barry Casson	3	3
Sustainability and Innovation Committee	The Sustainability and Innovation Committee provides direction on environment and sustainability and strategies for innovation and commercialisation that contribute to cost reduction.	Fiona Waterhouse (Chair)	3	3
		Jim Soorley	3	3
		Sharon Doyle	3	3
		Mike Williamson	3	3

EXECUTIVE LEADERSHIP TEAM

The Executive Leadership Team, headed by the Chief Executive Officer, leads the daily operation of Unitywater and delivers on corporate objectives. The team is firmly focused on achieving strategic goals, improving customer service, achieving operational efficiencies and providing high quality, affordable and sustainable sewerage services and water supply that provide benefits to customers, stakeholders, our community and the environment.

GEORGE THEO

MBA (Bus), BEng (Civil), CPEng, Ass Dip Mun (Eng), MIEAust, GAICD
CHIEF EXECUTIVE OFFICER

George brings more than 30 years' experience to Unitywater and a wealth of knowledge of the water industry through previous roles with global consulting company GHD, Brisbane Water (now Queensland Urban Utilities) and City West Water, Victoria. George was Unitywater's Chief Operating Officer prior to taking up the position of CEO.

PAULINE THOMSON

BBus (Acc), FCPA, GAICD
CHIEF FINANCIAL OFFICER

Pauline is a Certified Practising Accountant and brings more than 25 years' experience in retail, distribution and transmission entities across the energy and water sectors. Her leadership experience includes leading teams in a range of senior commercial, finance and regulatory roles.

ROB DOWLING

BCom (IR/OrgPsych), MBA, GAICD
EXECUTIVE MANAGER CUSTOMER DELIVERY

Rob brings extensive operations experience across the water industry, where his roles have included Chief Operating Officer for Suez Environment in North America and General Manager at South Australian Water Corporation. With a background in production management in the automotive sector and industrial relations, Rob possesses a strong focus on change management, lean, safety, innovation, developing teams, and delivering beneficial outcomes for the customer.

JUDY BAILEY

Grad Dip Admin, MAICD
EXECUTIVE MANAGER CUSTOMER AND COMMUNITY

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.

KENAN HIBBERD

BCom, FAHRI
EXECUTIVE MANAGER PEOPLE, CULTURE AND SAFETY

Kenan has more than 25 years' experience in human resources in both the public and private sectors. He has held senior management positions in national and international organisations in the industrial services, engineering, logistics and health sectors.

SIMON TAYLOR

MSc (Eng), BSc (Hons), FIEAust, CPEng, EngExec, NER APEC, RPEQ, MAICD

EXECUTIVE MANAGER SUSTAINABLE INFRASTRUCTURE SOLUTIONS (TO JANUARY 2018)

In Simon's 30 years in the water industry he has held senior management positions in water utilities and water industry regulators, led strategic planning investigations, managed teams and a wide range of projects covering most aspects of the water cycle.

SCOTT BARNES

BEChem
ACTING EXECUTIVE MANAGER SUSTAINABLE INFRASTRUCTURE SOLUTIONS (FROM JANUARY 2018)

Scott has 20 years of senior management experience, primarily within the water and manufacturing industries across Australia and overseas, in both public and private sectors. Scott is a qualified chemical engineer and has extensive experience in operations and in leading process improvement initiatives.

CAMERON LAWRIE

BCom, LLB (Hons)
ACTING GENERAL COUNSEL AND COMPANY SECRETARY (TO SEPTEMBER 2017)

Cameron has been the Manager of Legal Services at Unitywater since 2014. He has 30 years' legal experience working in the private, public, water and electricity sectors with a background in corporate law, general commercial law, manufacturing, private equity and public private partnership initiatives.

FINANCIAL PERFORMANCE

Unitywater made a profit of \$7.9 million after excluding developer contributions (comprising gifted assets and cash) of \$142.6 million from profit after tax. This compares to an adjusted profit of \$5.3 million in 2016-17. Unitywater continues to rely on developer cash contributions as a key source of funding for ongoing investment in water and sewerage infrastructure.

The statement of profit or loss highlights the reliance by Unitywater on developer contributions.

STATEMENT OF PROFIT OR LOSS

	2013-14 \$M	2014-15 \$M	2015-16 \$M	2016-17 \$M	2017-18 \$M
Revenue					
Utility charges	448.2	474.2	482.4	512.8	526.2
Fees and charges	7.7	7.7	8.0	7.7	7.9
Developer contributions	118.9	117.5	143.7	130.2	142.6
Other income	14.5	13.8	16.3	18.8	19.5
Total revenue	589.4	613.2	650.4	669.5	696.2
Operating expenses					
Bulk water purchases	(131.3)	(143.7)	(150.8)	(170.2)	(176.4)
Employee expenses	(69.6)	(70.2)	(67.8)	(64.1)	(61.1)
Supplies and services	(70.1)	(69.5)	(75.3)	(81.3)	(88.6)
Depreciation and amortisation	(81.3)	(86.0)	(79.0)	(79.7)	(80.5)
Impairment losses	-	(6.7)	(0.3)	(1.8)	(0.1)
Finance and borrowing costs	(75.7)	(82.2)	(80.8)	(79.8)	(77.5)
Other expenses	(7.9)	(5.3)	(11.2)	(12.3)	(6.0)
Total operating expenses	(435.8)	(463.6)	(465.2)	(489.2)	(490.2)
Profit before tax	153.6	149.7	185.3	180.3	206.0
Tax expense	(45.0)	(39.8)	(48.9)	(44.8)	(86.6)
Profit after tax	108.6	109.9	136.3	135.5	119.4

ADJUSTED PROFIT

Profit after tax	108.6	109.9	136.3	135.5	119.4
Developer contributions	(118.9)	(117.5)	(143.7)	(130.2)	(142.6)
Less one off tax adjustment					31.1
Profit/(Loss) ex developer contributions	(10.4)	(7.6)	(7.4)	5.3	7.9

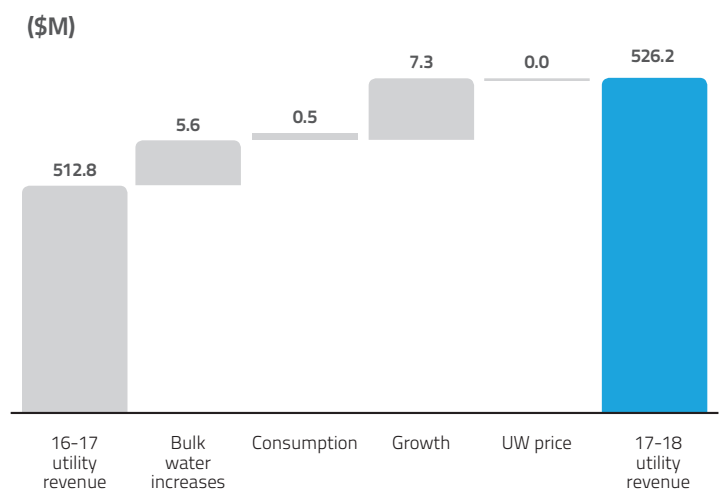
REVENUE

In 2017-18, total revenue increased by \$26.7 million or 4%.

This change is made up of an increase in capital revenue of \$12.4 million and an increase in utility revenue of \$13.4 million.

The change in utility revenue was primarily driven by growth in the region with over 7600 new connections. The increase was also attributed to Seqwater bulk water charge increases, which Unitywater is required to pass on to customers.

The adjacent figure shows Unitywater's utility revenue movement from 2016-17 to 2017-18.

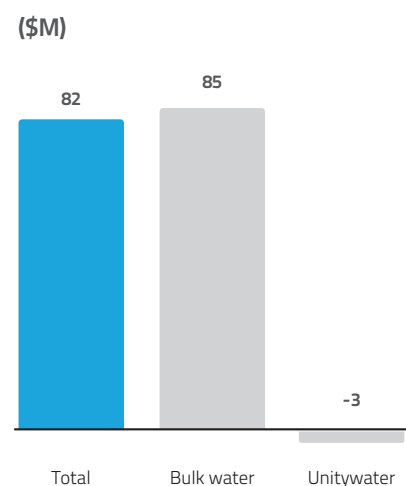


EXPENSES

Operating expenses increased by \$1.0 million (0.2%) from 2016-17. The increase was primarily driven by a \$6.2 million (3.7%) increase in the purchase of bulk water from Seqwater due to higher bulk water prices and an increase in volume due to growth across the region. Increases in bulk water costs were offset by a \$5.2 million reduction in Unitywater's operating costs.

Since 2011-12, Unitywater's own operating expenses have decreased by \$3 million, whereas Seqwater bulk water charges have increased by \$85 million. Our continued focus on key strategic initiatives aimed at driving down costs throughout 2017-18 has enabled us to reduce costs and thereby minimise increases to Unitywater's prices.

Unitywater's focus is to continuously seek out opportunities to maintain controllable operating costs.

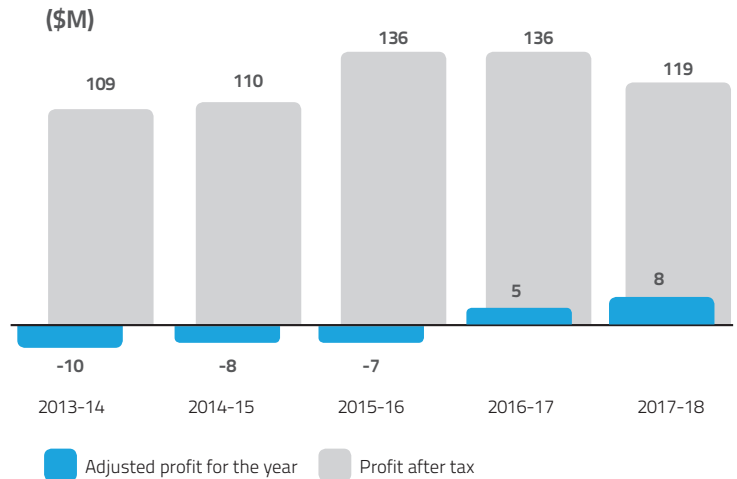


PROFIT/LOSS

Excluding developer contributions of \$142.6 million and a one-off tax adjustment of \$31.1 million, Unitywater made a profit after tax of \$7.9 million for 2017-18.

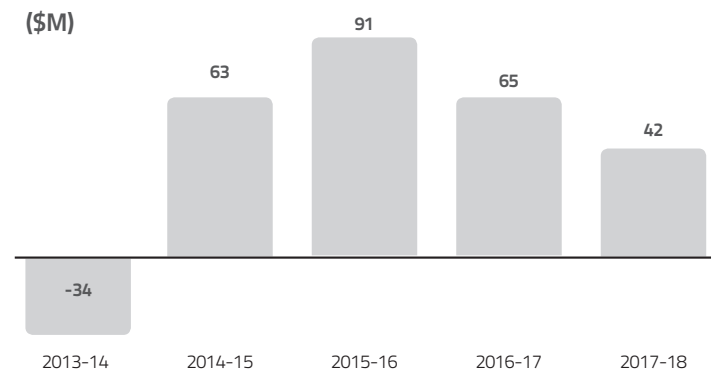
Developer contributions include cash to fund water and sewerage infrastructure, and infrastructure given to Unitywater to manage and maintain into the future.

Unitywater intends to reinvest operating profits into reducing future costs, improving efficiencies and delivering more services to customers.



NET CASH FLOWS FROM OPERATING AND INVESTING

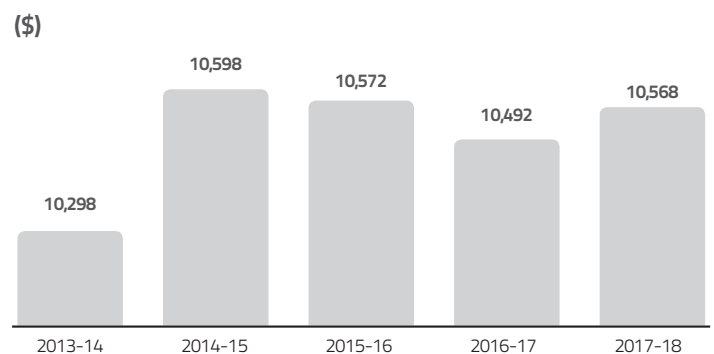
Net cash flows from operations and investing remained positive in 2017-18 although lower than 2016-17 due to a reduction in infrastructure charges received from developers, and an increase in tax expense offset by lower capital expenditure.



ASSETS INVESTED PER CUSTOMER

In 2017-18 we invested \$138.9 million in water supply, sewerage and supporting infrastructure. As this was funded by developer cash contributions and prior year retained earnings no new borrowings were required. Unitywater continues to invest in infrastructure to support our growing customer base with a strong focus on innovation in investment.

Assets invested per customer has marginally increased from the prior year reflecting our focus on serving more customers with less assets and increasing efficiencies across the water and sewerage network.



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BOARD MEMBERS REPORT

The Board of The Northern SEQ Distributor-Retailer Authority trading as Unitywater ("Unitywater") is pleased to submit this Annual Financial Report of Unitywater for the financial year ended 30 June 2018. 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:

- a. Jim Soorley - Chairman
- b. Barry Casson
- c. Sharon Doyle
- d. Mike Williamson
- e. Fiona Waterhouse

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 2017-18 for details of Board members' qualifications, experience and special responsibilities.

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

The profit of Unitywater after providing for income tax expense, amounted to \$119,405,401 (2017: \$135,507,148).

REVIEW OF OPERATIONS

A review of Unitywater's operations during the financial year and the results of those operations are contained in the Unitywater Annual Report 2017-18.

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 Unitywater, the results of those operations or the state of affairs of Unitywater, in future financial years.

FUTURE DEVELOPMENTS

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

ENVIRONMENTAL REGULATIONS

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

Unitywater'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.

Unitywater 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.

BOARD MEMBERS REPORT

PARTICIPATION RETURNS

Participation returns paid or declared by Unitywater during the 2017-18 financial year were:

	Total amount 2018 \$'000	Total amount 2017 \$'000
Final participation return	713	36,888

Refer to Note 4.12 of the financial statements for details of Participation returns paid or payable.

BOARD MEMBERS' BENEFITS AND INTERESTS IN CONTRACTS

Between 1 July 2017 and 30 June 2018, no Board member has received or become entitled to receive a benefit, other than those benefits disclosed in Note 6.1 of the financial statements.

INDEMNIFICATION OF BOARD MEMBERS AND OFFICERS

Indemnification of Board members of Unitywater

Unitywater has agreed to indemnify Jim Soorley, Sharon Doyle, Barry Casson, Mike Williamson and Fiona Waterhouse, being current Board members of Unitywater, and other former Board members of Unitywater, against all liabilities to another person (other than Unitywater or a related body corporate) that may arise from their position as a Board member of Unitywater, except where the liability arises out of conduct involving a lack of good faith or liability against which Unitywater 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 Unitywater and officers appointed to external boards and committees

Unitywater has agreed to indemnify any Board members or officers who are nominated by Unitywater's Board to represent Unitywater on external boards and committees to the extent as follows:

- a. 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.
- b. Other officers appointed to external boards and committees are indemnified in accordance with the terms of Unitywater'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 REPORT

BOARD MEMBERS' MEETINGS

The numbers of meetings of Unitywater's Board members and each Board committee held and attended by each Board member during the year ended 30 June 2018 were:

Unitywater	Board meetings		Committee meetings							
			Audit and Risk		Sustainability and Innovation		Nominations and Remuneration		Capital Works	
BOARD MEMBERS	A	B	A	B	A	B	A	B	A	B
Jim Soorley - Chairman	10	10	-	-	3	3	-	-	4	4
Barry Casson	9	10	4	4	-	-	3	3	-	-
Sharon Doyle	9	10	4	4	3	3	3	3	-	-
Mike Williamson	10	10	-	-	3	3	-	-	4	4
Fiona Waterhouse	10	10	4	4	3	3	-	-	-	-

A - Number of meetings attended

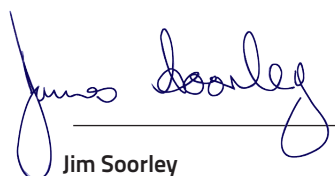
B - Number of meetings held during the year

REMUNERATION OF BOARD MEMBERS AND EXECUTIVES

Refer to Note 6.1 of the financial statements for details of Board members' and executives' remuneration.

ROUNDING OF AMOUNTS

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



Jim Soorley

Chairman
 Unitywater
 27 August 2018
 Caboolture, Queensland

STATEMENT OF PROFIT OR LOSS

for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Income			
Utility charges	2.1	526,191	512,795
Developer contributions	2.2	142,603	130,245
Other income	2.3	27,454	26,483
Total income		696,248	669,523
Expenses			
Bulk water purchases	3.1	(176,400)	(170,178)
Supplies and services	3.1	(88,609)	(81,308)
Employee expenses	3.2	(61,124)	(64,084)
Depreciation and amortisation	4.4, 4.5	(80,465)	(79,658)
Impairment losses	4.4	(114)	(1,809)
Finance and borrowing costs	3.4	(77,523)	(79,848)
Other expenses	3.5	(5,976)	(12,314)
Total expenses		(490,211)	(489,199)
Profit before income tax expense		206,037	180,324
Income tax expense	4.10	(86,632)	(44,817)
Profit for the year		119,405	135,507

The Statement of Profit or Loss should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	4.1	122,358	102,980
Trade and other receivables	4.2	116,792	114,017
Other current assets	4.3	6,370	4,386
Total current assets		245,520	221,383
Non-current assets			
Property, plant and equipment	4.4	3,508,610	3,367,215
Intangible assets	4.5	23,812	30,944
Total non-current assets		3,532,422	3,398,159
Total assets		3,777,942	3,619,542
Current liabilities			
Trade and other payables	4.6	107,961	101,249
Employee benefits	4.8	16,798	16,663
Other liabilities	4.9	14,374	8,067
Total current liabilities		139,133	125,979
Non-current liabilities			
Loans and borrowings	4.7	1,557,652	1,557,652
Employee benefits	4.8	1,722	1,887
Deferred tax liabilities	4.10	140,072	124,212
Other liabilities	4.9	20,319	9,460
Total non-current liabilities		1,719,765	1,693,211
Total liabilities		1,858,898	1,819,190
Net assets		1,919,044	1,800,352
Equity			
Contributed equity	4.11	1,434,782	1,434,782
Retained earnings		484,262	365,570
Total equity		1,919,044	1,800,352

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 2018

	Notes	Retained earnings \$'000	Contributed equity \$'000	Total \$'000
Balance at 1 July 2016		266,951	1,434,782	1,701,733
Participation return to Participants	4.12	(36,888)	-	(36,888)
Total distributions to Participants		(36,888)	-	(36,888)
Profit for the year		135,507	-	135,507
Balance at 30 June 2017		365,570	1,434,782	1,800,352
Participation return to Participants	4.12	(713)	-	(713)
Total distributions to Participants		(713)	-	(713)
Profit for the year		119,405	-	119,405
Balance at 30 June 2018		484,262	1,434,782	1,919,044

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 2018

	Notes	2018 Inflow (Outflow) \$'000	2017 Inflow (Outflow) \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		546,848	526,224
Developer contributions		76,213	91,471
Government grants and subsidies		4,053	3,642
Interest received		3,942	3,556
GST input tax credits from ATO		19,240	17,997
Payments to suppliers (inclusive of GST)		(285,917)	(268,200)
Employee expenses		(68,521)	(69,510)
Finance and borrowing costs		(78,137)	(80,077)
Income tax equivalent		(54,228)	(26,682)
Net cash inflow from operating activities	4.1.2	163,493	198,421
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,120	2,294
Payments for property, plant and equipment		(114,512)	(128,665)
Payments for intangibles		(8,238)	(5,717)
Loan to controlled entity		-	(1,686)
Net cash (outflow) from investing activities		(121,630)	(133,774)
Cash flows from financing activities			
Proceeds from borrowings (Queensland Treasury Corporation)		37,002	78,876
Borrowing redemptions		(37,000)	(78,878)
Participation return payments		(22,487)	(39,042)
Net cash (outflow) from financing activities		(22,485)	(39,044)
Net increase in cash and cash equivalents		19,378	25,603
Cash and cash equivalents at beginning of financial year		102,980	77,377
Cash and cash equivalents at end of financial year	4.1.1	122,358	102,980

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1 NOTES ABOUT THIS FINANCIAL REPORT

1.1 REPORTING AUTHORITY

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

Unitywater is governed by an independent Board under the Northern *SEQ Distributor-Retailer Authority Participation Agreement* and the Restructuring Act on behalf of its three Participating Councils, Moreton Bay Regional Council, Sunshine Coast Council and Noosa Council.

In accordance with the Restructuring Act Unitywater 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.

Unitywater 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 Regulated Asset Base, comprising debt and Participation Rights as agreed by the Councils and Unitywater. Refer to note 4.11 for Participation Rights allocation.

Unitywater's primary activities for its geographic area are set out in Section 11(1) of the Restructuring Act.

1.2 BASIS OF PREPARATION

1.2.1 Statement of compliance

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

- i. Applicable Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB).
- ii. The *Financial Accountability Act 2009*.
- iii. The *Financial and Performance Management Standard 2009*.
- iv. Queensland Treasury's *Financial Reporting Requirements for Queensland Government Agencies* (as applicable to statutory bodies).
- v. *Statutory Bodies Financial Arrangements Act 1982*.
- vi. The exemptions under the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009*.
- vii. Other authoritative pronouncements.

The financial statements were authorised for issue by the Board on 27 August 2018.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1 NOTES ABOUT THIS FINANCIAL REPORT

1.2 BASIS OF PREPARATION

1.2.2 The reporting entity

The financial statements include all income, expenses, assets, liabilities and equity of Unitywater (the parent entity) only.

The transactions and balances of the directly controlled entity (Unitywater Properties Pty Ltd) are not considered material (refer to note 6.4).

1.2.3 Measurement of fair values

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Further information about the assumptions made in measuring fair value is included in Note 4.4.3 and 5.1.5.

1.2.4 Functional and presentation currency

The financial statements are presented in Australian dollars, which is Unitywater'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.

1.2.5 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.

1.2.6 Comparatives

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

1.2.7 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 2.1	Utility charges
Note 2.2	Developer contributions (non-cash)
Note 4.4.2(ii)	Asset valuation
Note 4.4.2(iii)	Depreciation
Note 4.4.3	Impairment testing
Note 4.8	Employee benefits
Note 4.10	Income tax
Note 5.2	Contingencies and commitments

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2 NOTES ABOUT INCOME

2.1 UTILITY CHARGES

	2018 \$'000	2017 \$'000
Water access charges	97,505	93,612
Water volumetric charges	203,020	197,377
Sewerage access charges	191,055	187,689
Sewerage volumetric charges	34,611	34,117
	526,191	512,795

Utility revenue is recognised when the amount can be reliably measured and it is probable that future economic benefits will flow to Unitywater. Revenue is measured at the fair value of the consideration received or receivable.

Utility charges are recognised as revenue on an accrual basis in the period to which they relate. Unitywater invoices customers quarterly. Unitywater 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. Unitywater accrues for access charges based upon each customer's access fees for the number of days from the last billing period to the end of the reporting period.

2.2 DEVELOPER CONTRIBUTIONS

	2018 \$'000	2017 \$'000
Developer contributions - donated assets	74,332	54,949
Developer contributions - cash	68,271	75,296
	142,603	130,245

Unitywater 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 (donated assets)

Non-cash contributions from developers such as water and sewerage infrastructure are recognised as revenue and as non-current assets when Unitywater obtains control of the assets and becomes liable for any ongoing maintenance.

Cash contributions

Non-refundable cash contributions from developers towards the cost of water supply and sewerage infrastructure for assets already constructed or for which there are no performance obligations are recognised as revenue when received or receivable. Cash developer contributions for specific assets are recognised as a liability where that specific asset has not been constructed at reporting date.

Refundable infrastructure offsets are recognised as a liability upon either subsequent take up of excess demand by other developers or where construction of the asset has been lawfully completed or in accordance with the agreement with the developer.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

2 NOTES ABOUT INCOME

2.3 OTHER INCOME

	2018 \$'000	2017 \$'000
Fees and charges	7,882	7,667
Grants and subsidies	4,053	3,642
Interest	3,942	3,556
Private works	8,964	8,796
Other revenue	2,613	2,822
	27,454	26,483

3 NOTES ABOUT EXPENSES

3.1 BULK WATER AND SUPPLIES AND SERVICES

3.1.1 Bulk water

Bulk water purchases consist of water purchased from Seqwater which is the sole supplier of bulk water to Unitywater. The price Unitywater pays for bulk water is recommended by the Queensland Competition Authority and determined by the State government. Bulk water purchases are recognised as an expense in the period that the water is provided.

3.1.2 Supplies and services

	2018 \$'000	2017 \$'000
Materials and services	85,674	77,929
Consultants and legal fees	2,046	2,546
Other supplies and consumables	889	833
	88,609	81,308

Consultants are classified according to the Queensland Government Procurement guidance definition.

3.2 EMPLOYEE EXPENSES

	2018 \$'000	2017 \$'000
Salaries and wages	48,350	47,598
Restructuring costs	704	4,725
Employer superannuation contribution	5,448	5,739
Payroll tax	2,911	3,030
Board members' fees	362	355
Other employee expenses	3,349	2,637
	61,124	64,084

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3 NOTES ABOUT EXPENSES

3.2 EMPLOYEE EXPENSES

The number of employees as at 30 June including both full time and part time employees measured on a full time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) is:

	2018	2017
Number of employees	619	615

3.3 SUPERANNUATION

Unitywater contributes to the Local Government Superannuation Scheme Qld (LGIAsuper) for employees under both defined benefit scheme and accumulation superannuation scheme. Unitywater has no liability to or interest in LGIAsuper other than the payment of the statutory contribution. Contributions are expensed when incurred.

Local Government Superannuation Scheme - LGIAsuper

Unitywater contributes to the LGIAsuper Regional Defined Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. This rate is set in accordance with the LGIAsuper trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation and is also governed by the *Local Government Act 2009*.

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

Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate, but has not been recognised as an asset or liability of Unitywater.

Technically Unitywater can be liable to the scheme for a portion of another entities obligations should that entity be unable to meet them. However, the risk of this occurring is extremely low and in accordance with the LGIAsuper trust deed, changes to Unitywater's obligations will only be made on the advice of an actuary.

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2015. The actuary indicated that "At the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." Unitywater is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

No changes have been made to prescribed employer contributions which remain at 12% of employee assets, and there are no known requirements to change the rate of contributions.

Another actuarial investigation is being conducted as at 1 July 2018. At the time of signing these financial statements this investigation is still in progress.

The most significant risks that may result in LGIAsuper increasing the contribution rate, on the advice of the actuary, are:

Investment risk - The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.

Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

There are currently 63 entities contributing to the scheme and any changes in contribution rates would apply equally to all 63 entities. Unitywater made less than 4% of the total contributions to the plan in the 2017-18 financial year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3 NOTES ABOUT EXPENSES

3.3 SUPERANNUATION

The amount of superannuation contributions by superannuation plan type and fund incurred by Unitywater is as follows:

	2018 \$'000	2017 \$'000
Superannuation plan		
Regional defined benefit fund - LGLAsuper	482	722
Accumulation benefit fund - LGLAsuper	4,852	5,451
Other defined contribution funds	888	473
Total	6,222	6,646

A portion of the above superannuation contributions related to work performed on capital projects which were capitalised. The amount recognised as an expense during the financial year is \$5,447,579 (2017: \$5,739,046).

3.4 FINANCE AND BORROWING COSTS

	2018 \$'000	2017 \$'000
Interest costs	76,186	78,645
Other financial costs	1,337	1,203
	77,523	79,848

Finance and borrowing costs comprise:

- i. interest expense on bank overdrafts, short-term and long-term borrowings
- ii. 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 accrued as interest payable. Where material, finance and borrowing costs directly attributable to a specific capital project that takes more than 12 months to prepare for its intended use, are added to the cost of those assets.

No borrowings were used to fund capital projects in 2017-18 (2017: nil).

3.5 OTHER EXPENSES

	2018 \$'000	2017 \$'000
Insurance	1,320	1,185
Audit fees (internal and external)*	579	571
Impairment of trade receivables	185	21
Loss on disposal of property, plant and equipment	2,888	9,669
Other	1,004	868
	5,976	12,314

*Total external audit fees quoted by the Queensland Audit Office (QAO) relating to the 2017-18 financial statements are estimated to be \$245,000 (2017: \$245,000). There are no non-audit services included in this amount. An additional \$5,000 (2017: nil) was paid to QAO for the audit of a special purpose financial report of Unitywater's Waste to Energy Project (Activity) to meet the requirements of the Advancing Renewables Programme Funding Agreement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

4 NOTES ABOUT OUR FINANCIAL POSITION

4.1 CASH AND CASH EQUIVALENTS

4.1.1 Cash and cash equivalents

	2018 \$'000	2017 \$'000
Cash at bank and on hand	122,358	102,980
Cash and cash equivalents in the Statement of Cash Flows	122,358	102,980

Cash and cash equivalents comprise cash on hand and at bank, cheques receipted not banked, deposits held on call, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

4.1.2 Reconciliation of cash flows from operating activities

	2018 \$'000	2017 \$'000
Cash flows from operating activities		
Profit for the year	119,405	135,507
Non-Cash items included in operating result:		
Depreciation	72,294	73,578
Amortisation of intangible assets	8,171	6,080
Loss on disposal of property, plant and equipment	2,888	9,669
Donated assets	(80,296)	(54,949)
Impairment losses on property, plant and equipment	114	1,809
Impairment losses on trade receivables	185	21
Change in assets and liabilities		
(Increase) / Decrease in trade and other receivables	(2,965)	663
(Increase) / Decrease in inventories	(126)	6
(Increase) / Decrease in prepayments	(1,524)	161
Increase in trade and other payables	12,351	6,807
(Decrease) in employee benefits	(30)	(1,647)
Increase in other liabilities	17,166	8,759
Increase in deferred tax liabilities	15,860	11,957
Net cash inflow from operating activities	163,493	198,421

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

4 NOTES ABOUT OUR FINANCIAL POSITION

4.2 TRADE AND OTHER RECEIVABLES

	2018 \$'000	2017 \$'000
Current		
Trade debtors	114,332	110,827
Less: Provision for impairment	(1,388)	(1,198)
	112,944	109,629
GST receivable	2,126	2,649
Other receivables	1,722	1,739
Total	116,792	114,017

Trade and other receivables are recognised at the present value of the 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.

Trade debtors are interest bearing once they become due. Other receivables include an intercompany loan receivable from Unitywater Properties Pty Ltd \$1,686,379 (2017: \$1,686,379).

Collectability of trade and other receivables is reviewed on an ongoing basis with provision being made for impairment (incorporating nature, age and history of the debt). Movements in the provision for impairment are recognised as an expense. Individual debts that are uncollectable are written off when identified. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Profit or Loss.

	2018 \$'000	2017 \$'000
Movements in the provision for impairment loss		
Balance at 1 July	1,198	1,313
Increase/(Decrease) in allowance	190	(115)
Balance at 30 June	1,388	1,198

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

	Gross \$'000	Impairment \$'000	Total \$'000
Trade and other receivables			
2018			
Past due 0-30 days	5,152	-	5,152
Past due 31-60 days	934	-	934
Past due 61-90 days	1,329	-	1,329
More than 91 days	4,467	1,388	3,079
	11,882	1,388	10,494
2017			
Past due 0-30 days	6,064	-	6,064
Past due 31-60 days	963	-	963
Past due 61-90 days	1,089	-	1,089
More than 91 days	4,361	1,198	3,163
	12,477	1,198	11,279

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

4 NOTES ABOUT OUR FINANCIAL POSITION

4.3 OTHER CURRENT ASSETS

	2018 \$'000	2017 \$'000
Prepayments	4,713	3,189
Inventories held for use (cost)	1,323	1,197
Non-current assets held for sale	334	-
Total	6,370	4,386

An amount of \$3,118,067 (2017: \$3,015,883) of inventory was recognised as an expense during the year.

4.4 PROPERTY, PLANT AND EQUIPMENT

4.4.1 Carrying amount

	Land \$'000	Buildings \$'000	Infrastructure \$'000	Plant and equipment \$'000	Work in progress \$'000	Total \$'000
2018						
Gross carrying amount	55,778	16,877	3,819,962	68,795	136,557	4,097,969
Accumulated depreciation	-	(1,897)	(555,302)	(25,250)	-	(582,449)
Accumulated impairment losses	-	-	(6,703)	(207)	-	(6,910)
Carrying amount	55,778	14,980	3,257,957	43,338	136,557	3,508,610
2017						
Gross carrying amount	55,928	20,226	3,649,491	68,183	105,529	3,899,357
Accumulated depreciation	-	(2,002)	(499,240)	(22,067)	-	(523,309)
Accumulated impairment losses	-	-	(8,833)	-	-	(8,833)
Carrying amount	55,928	18,224	3,141,418	46,116	105,529	3,367,215

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

4 NOTES ABOUT OUR FINANCIAL POSITION

4.4 PROPERTY, PLANT AND EQUIPMENT

4.4.2 Movements

	Land \$'000	Buildings \$'000	Infrastructure \$'000	Plant and equipment \$'000	Work in progress \$'000	Total \$'000
2018						
Carrying amount (opening)	55,928	18,224	3,141,418	46,116	105,529	3,367,215
Transfers between classes ¹	104	(3,085)	6,968	(710)	-	3,277
Transfers to held for sale	(334)	-	-	-	-	(334)
Additions	-	-	-	-	134,571	134,571
Transfers from work in progress	80	172	98,548	4,743	(103,543)	-
Donated assets	-	-	80,296	-	-	80,296
Disposals	-	-	(2,468)	(1,539)	-	(4,007)
Depreciation expense	-	(331)	(66,898)	(5,065)	-	(72,294)
Impairment losses	-	-	93	(207)	-	(114)
Carrying amount (closing)	55,778	14,980	3,257,957	43,338	136,557	3,508,610
2017						
Carrying amount (opening)	52,449	18,549	3,081,576	43,155	76,801	3,272,530
Additions	-	-	-	-	125,947	125,947
Transfers from work in progress	3,485	162	83,665	9,907	(97,219)	-
Donated assets	-	-	54,949	-	-	54,949
Disposals	(6)	(92)	(9,077)	(1,649)	-	(10,824)
Depreciation expense	-	(395)	(67,886)	(5,297)	-	(73,578)
Impairment losses	-	-	(1,809)	-	-	(1,809)
Carrying amount (closing)	55,928	18,224	3,141,418	46,116	105,529	3,367,215

¹A Financial Fixed Asset Register rebuild was completed during the year resulting in a standard asset hierarchy linking financial values to all physical assets within the current asset management system. As part of this review it was identified that some assets had been assigned to an incorrect asset class and required transferring including assets with a cost of \$3,521,084 and accumulated depreciation of \$435,559 being transferred out of buildings and into other asset classes, primarily infrastructure. The written down value of the assets transferred is disclosed as a transfer between asset classes in the table above. Included as part of the transfers is reclassification of the easements class from intangible assets to the infrastructure class in property, plant and equipment.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

4 NOTES ABOUT OUR FINANCIAL POSITION

4.4 PROPERTY, PLANT AND EQUIPMENT

4.4.2 Movements

Each class of property, plant and equipment is carried at cost 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:

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 for example individual components of a pumping station.

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. Initial recognition 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.

Constructed assets include the cost of purchased services, materials, direct labour, borrowing costs and an appropriate proportion of overheads attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets under construction not commissioned at the reporting date are reported as Work in progress.

Assets donated by developers are initially recorded at fair value when Unitywater obtains control of the assets and then AASB 116 *Property, Plant and Equipment* rules apply after that as if that value had been their cost.

Expenditure on property, plant and equipment is capitalised where it is probable that the expenditure will produce future service potential for Unitywater. Costs incurred subsequent to initial recognition are capitalised when the expenditure improves the condition of the asset beyond its originally assessed standard of performance or capacity.

Complex assets comprise separately identifiable components (or groups of components) of significant value, that require replacement at regular intervals and at different times to other components comprising the complex asset. Components are separately recorded and valued on the same basis as the asset class to which they relate.

Unitywater's complex assets are its infrastructure distribution networks.

ii. Asset valuation

Property, plant and equipment is measured at historical cost less accumulated depreciation and accumulated impairment losses.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

4 NOTES ABOUT OUR FINANCIAL POSITION

4.4 PROPERTY, PLANT AND EQUIPMENT

4.4.2 Movements

iii. 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	Useful life
Buildings	40 - 60 years
Infrastructure assets	
Water infrastructure assets	10 - 100 years
Sewer infrastructure assets	15 - 160 years
Plant and equipment	5 - 25 years

iv. 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 Profit or Loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

4 NOTES ABOUT OUR FINANCIAL POSITION

4.4 PROPERTY, PLANT AND EQUIPMENT

4.4.3 Impairment testing

The carrying amounts of Unitywater'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 Unitywater's assets has been estimated using an income based approach and assessed against recoverable amount.

Impairment losses are recognised as an expense. 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.

Unitywater undertook an impairment review during the financial year. Internal indicators of impairment including obsolescence and physical damage, significant changes with an adverse effect and internal reporting concerning economic performance of an asset were considered, together with external sources of information such as changes in technological, market, economic or legal environment, changes in regulated environment, policy and/or legislative changes and market interest rate changes. Based on this review an impairment of \$207,433 was recognised in relation to plant and equipment in the Statement of Profit or Loss. Separately, in the ordinary course of business, an impairment reversal of \$93,178 was recognised in relation to infrastructure assets (2017: impairment of \$1,809,407) in the Statement of Profit or Loss.

4.5 INTANGIBLE ASSETS

4.5.1 Carrying amount

	Software \$'000	Utility easements \$'000	Work in progress \$'000	Total \$'000
2018				
Cost	58,021	-	2,227	60,248
Accumulated amortisation	(36,436)	-	-	(36,436)
Carrying amount	21,585	-	2,227	23,812
2017				
Cost	50,801	3,277	6,132	60,210
Accumulated amortisation	(29,266)	-	-	(29,266)
Carrying amount	21,535	3,277	6,132	30,944

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

4 NOTES ABOUT OUR FINANCIAL POSITION

4.5 INTANGIBLE ASSETS

4.5.2 Movements

	Software \$'000	Utility easements \$'000	Work in progress \$'000	Total \$'000
2018				
Carrying amount (opening)	21,535	3,277	6,132	30,944
Transfers between classes ¹	-	(3,277)	-	(3,277)
Additions	-	-	4,316	4,316
Transfers from work in progress	8,221	-	(8,221)	-
Amortisation	(8,171)	-	-	(8,171)
Carrying amount (closing)	21,585	-	2,227	23,812
2017				
Carrying amount (opening)	25,203	3,130	2,874	31,207
Additions	-	-	5,817	5,817
Transfers from work in progress	2,412	147	(2,559)	-
Amortisation	(6,080)	-	-	(6,080)
Carrying amount (closing)	21,535	3,277	6,132	30,944

¹ Refer to Note 4.4.2

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 software are capitalised. The cost of software includes the cost of all materials, direct labour, other directly attributable costs, borrowing costs and an appropriate proportion of overheads attributable during the configuration of the software.

ii. Utility easements

Payments made to land owners to acquire an easement are capitalised. Easements represent the right to access Unitywater infrastructure on the land owner's property. Easements that have been acquired where no payments have been made are not capitalised.

iii. Amortisation

Amortisation is recognised 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:

Intangible asset	Useful life
Software	4 – 10 years
Utility easements	Indefinite

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

4 NOTES ABOUT OUR FINANCIAL POSITION

4.6 TRADE AND OTHER PAYABLES

	2018 \$'000	2017 \$'000
Current		
Trade creditors	24,685	23,447
Participation return payable	-	21,774
Interest payable	18,876	19,490
Accrued expenses	36,185	24,938
Income tax equivalent payable	26,369	9,825
Other	1,846	1,775
Total	107,961	101,249

Trade and other payables represent the value of goods and services provided to Unitywater 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.

4.7 LOANS AND BORROWINGS

4.7.1 Compositions of loans

	2018 \$'000	2017 \$'000
Non-current		
Participating Councils		
Subordinated debt	1,160,652	1,160,652
Queensland Treasury Corporation Loans		
Client Specific Pool	397,000	397,000
Total	1,557,652	1,557,652

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. Finance and borrowing costs that are not settled in the period in which they arise are accrued as interest payable.

No assets have been pledged as security for any liabilities. All borrowings are in Australian dollar denominated amounts and carried at amortised cost. The fair value of the loans and borrowings subsequently measured at amortised cost is set out in Note 5.1.5. There have been no defaults or breaches of the loan agreements during the 2017-18 financial year (2017: none).

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.

Participating Councils loans have a 20 year term, terminating on 30 June 2033 with an extension clause of 10 years. Debt is subordinated to Queensland Treasury Corporation with variable interest rates set annually on a portfolio based approach. The maturity profile is disclosed in Note 5.1.4 along with Unitywater's other financial liabilities.

The weighted average rate of borrowings for the year is 4.85% (2017: 5.01%). Interest payments are made quarterly in arrears at rates ranging from 3.88% to 5.18% (2017: 4.06% to 5.33%).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

4 NOTES ABOUT OUR FINANCIAL POSITION

4.7 LOANS AND BORROWINGS

4.7.1 Compositions of loans

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 Unitywater'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, except for the current year financial liabilities which assume periodic refinancing.

	Net carrying amounts \$'000	Interest rate risk			
		-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2018					
Financial assets	122,229	(1,222)	(1,222)	1,222	1,222
Financial liabilities	(1,557,652)	788	788	(772)	(772)
Sensitivity (net)	(1,435,423)	(434)	(434)	450	450
2017					
Financial assets	101,534	(1,015)	(1,015)	1,015	1,015
Financial liabilities	(1,557,652)	785	785	(767)	(767)
Sensitivity (net)	(1,456,118)	(230)	(230)	248	248

4.7.2 Financing arrangements at balance date

	2018 \$'000	2017 \$'000
The Authority has access available at balance date to the following facilities:		
Bank overdraft	50	50
Credit card	750	750
Working capital	50,000	50,000
Loans	1,557,652	1,557,652
	1,608,452	1,608,452
Facilities not utilised at balance date:		
Bank overdraft	50	50
Credit card	713	711
Working capital	50,000	50,000
	50,763	50,761

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

4 NOTES ABOUT OUR FINANCIAL POSITION

4.8 EMPLOYEE BENEFITS

	2018 \$'000	2017 \$'000
Current		
Accrued salaries and wages	4,360	4,981
Annual leave	5,146	4,746
Long service leave	7,115	6,747
Leave in lieu	177	189
Total	16,798	16,663
Non-current		
Long service leave	1,722	1,887
Total	1,722	1,887

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

Employee benefits are recognised as a current liability where Unitywater does not have an unconditional right to defer settlement beyond 12 months after the reporting date.

i. Salaries and wages

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

ii. Annual leave and long service leave

A liability for annual leave and long service leave expected to be settled within 12 months of the reporting date is recognised in respect of employee's service up to the reporting date and is measured at current salary and wage rates and includes related employee on-costs. Leave expected to be settled more than 12 months after the reporting date is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

For long service leave, consideration is also given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments relating to such leave is discounted using market yields at the reporting date on corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

iii. Leave in lieu

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

iv. Sick leave

As sick leave is non-vesting, an expense is recognised for this leave as taken.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

4 NOTES ABOUT OUR FINANCIAL POSITION

4.9 OTHER LIABILITIES

	2018 \$'000	2017 \$'000
Current		
Unearned revenue	9,540	5,326
Security deposits and retentions	3,284	2,681
Other payables	1,550	60
Total	14,374	8,067
Non-current		
Unearned revenue	20,319	9,460
Total	20,319	9,460

Revenue received in advance of work being performed or goods and services being provided is deferred and is recognised in the Statement of Profit or Loss on delivery of the goods or service. Cash developer contributions for specific assets are recognised as a liability where that specific asset has not been constructed at reporting date.

4.10 INCOME TAX

4.10.1 Income tax expense

Unitywater is subject to the Local Government Tax Equivalent Regime (LGTER). Under the LGTER Unitywater 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 (referred to as income tax 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

4 NOTES ABOUT OUR FINANCIAL POSITION

4.10 INCOME TAX

4.10.1 Income tax expense

	2018 \$'000	2017 \$'000
Income tax expense recognised in profit or loss		
Current tax expense		
Current income tax charge	39,658	32,860
Adjustments for current income tax of prior years	31,114	-
Current tax expense	70,772	32,860
Deferred tax expense		
Deferred income tax charge	22,055	13,231
Adjustments for deferred income tax of prior years	(6,195)	(1,274)
Deferred tax expense	15,860	11,957
Total income tax expense	86,632	44,817
Reconciliation of effective tax rate		
Profit (loss) before income tax	206,037	180,324
Income tax expense at 30%	61,811	54,097
Recognition of previously unrecognised temporary differences	24,919	(1,274)
Non deductible expenses	10	12
Change in unrecognised temporary differences subject to initial recognition exemption	(108)	(8,018)
Income tax expense	86,632	44,817

Tax adjustments relating to changes in self-assessed asset effective lives

During the 2018 financial year Unitywater lodged amended tax returns with the Tax Assessor for the tax years 2011 to 2017 resulting in an accumulative increase to current tax expense of \$31,113,780 and a related decrease to the deferred tax liability of \$6,194,657. Amendments apply self-assessed asset effective lives in the calculation of depreciation deductions against taxable income which differ from previously applied tax asset effective lives. Adjustment is made to ensure efficient and effective administration of asset data in future reporting periods with the primary purpose of reducing Unitywater's tax risk profile.

4.10.2 Deferred tax assets and liabilities

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 Unitywater.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

4 NOTES ABOUT OUR FINANCIAL POSITION

4.10 INCOME TAX

4.10.2 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Property, plant and equipment	-	-	(144,442)	(128,413)	(144,442)	(128,413)
Employee benefits	3,953	3,513	-	-	3,953	3,513
Other provisions and accruals	549	836	-	-	549	836
Prepayments	-	-	(85)	(56)	(85)	(56)
Other items	2	3	(49)	(95)	(47)	(92)
Tax asset (liability)	4,504	4,352	(144,576)	(128,564)	(140,072)	(124,212)
Set off	(4,504)	(4,352)	4,504	4,352	-	-
Net tax asset (liability)	-	-	(140,072)	(124,212)	(140,072)	(124,212)

4.10.3 Movements in deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Balance at 1 July	4,352	4,152	(128,564)	(116,407)	(124,212)	(112,255)
Current year's income tax equivalent expense	152	200	(16,012)	(12,157)	(15,860)	(11,957)
Balance at 30 June	4,504	4,352	(144,576)	(128,564)	(140,072)	(124,212)

4.10.4 Unrecognised deferred tax assets and liabilities

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

	Assets		Liabilities		Net	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Depreciating assets transferred from Councils on 1 July 2010	-	-	(136)	(25,904)	(136)	(25,904)
Employee provisions transferred from Councils on 1 July 2010	742	840	-	-	742	840
Tax asset (liability)	742	840	(136)	(25,904)	606	(25,064)
Set off	(742)	(840)	742	840	-	-
Net tax asset (liability)	-	-	606	(25,064)	606	(25,064)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

4 NOTES ABOUT OUR FINANCIAL POSITION

4.11 CONTRIBUTED EQUITY

	2018 \$'000	2017 \$'000
Contributed equity	1,434,782	1,434,782
	1,434,782	1,434,782

On 1 July 2010, the Moreton Bay Regional Council and the Sunshine Coast Council transferred their water businesses to Unitywater. 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 Unitywater and the Participating Councils of the final determination of Unitywater's Regulated Asset Base (RAB) at 1 July 2010. An amended Participation Agreement was submitted to the Minister on 1 July 2011 reflecting each Council's Participation Rights based on the value of each participating local government's contribution to the RAB.

On 19 December 2013 the Minister for Energy and Water Supply approved the amendments to the Participation Agreement required to accommodate Noosa Council as a participant from 1 January 2014. On 1 January 2014 the Sunshine Coast Council transferred 110,869,501 Participation Rights for consideration of \$60,978,225 to Noosa Council, being 4.25% of total Participation Rights.

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 Council \$'000	Noosa Council \$'000	Total \$'000
Debt (45%)	683,665	440,356	49,891	1,173,912
Equity (55%)	835,591	538,213	60,978	1,434,782
Total Participation RAB	1,519,256	978,569	110,869	2,608,694
Contributed equity %	58.24%	37.51%	4.25%	100%
Net liabilities transferred from Participants	(6,640)	(5,947)	(674)	(13,261)
Net assets transferred from Participants	1,512,616	972,622	110,195	2,595,433

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

4 NOTES ABOUT OUR FINANCIAL POSITION

4.12 PARTICIPATION RETURNS

The Participating Councils (Moreton Bay Regional Council, Sunshine Coast Council and Noosa Council) are required by the Restructuring Act to enter into an agreement (a Participation Agreement) to determine each entity's Participation Rights in Unitywater. The Participation Agreement specifies the Participants' Rights to participate in a distribution of profits of Unitywater 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 Unitywater must give to the Participants:

- i. an estimate of Unitywater's net profit for the financial year
- ii. the amount of the Participation return to be paid for the financial year, including the amount payable for different Participation Rights.

A liability for Participation return payable 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 Participation return may only be paid out of current year net profits of Unitywater.

The following Participation returns have been paid or are payable at 30 June 2018:

5 NOTES ABOUT RISKS AND OTHER UNCERTAINTIES

5.1 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:

- i. cash and cash equivalents - held at amortised cost
- ii. loans and receivables - held at amortised cost
- iii. payables - held at amortised cost
- iv. borrowings - held at amortised cost

	2018 \$'000	2017 \$'000
In accordance with the Participation Agreement, an interim Participation return was declared on 23 January 2018 and paid on 15 February 2018.	17,599	15,114
The Board declared the full year Participation return on 27 June 2018. The interim Participation return was adjusted against the Income tax equivalent payable.	(16,886)	21,774
Total Participation return paid/payable	713	36,888
Moreton Bay Regional Council	415	21,483
Sunshine Coast Council	268	13,837
Noosa Council	30	1,568
Total	713	36,888

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

5 NOTES ABOUT RISKS AND OTHER UNCERTAINTIES

5.1 FINANCIAL INSTRUMENTS

Unitywater does not enter into transactions for speculative purposes, or for hedging.

5.1.1 Categorisation of financial instruments

Unitywater has the following categories of financial assets and financial liabilities:

Category	Notes	2018 \$'000	2017 \$'000
Financial assets			
Cash and cash equivalents	4.1	122,358	102,980
Trade and other receivables	4.2	116,792	114,017
Total		239,150	216,997
Financial liabilities			
Trade and other payables	4.6	107,961	101,249
Loans and borrowings	4.7	1,557,652	1,557,652
Total		1,665,613	1,658,901

5.1.2 Financial risk management

Risk management framework

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board 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 Unitywater'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 Unitywater.

Risk exposure

Unitywater's activities expose it to a variety of financial risks as set out in the following table:

Risk exposure	Definition	Exposure
Credit risk	Credit risk is the risk of financial loss to Unitywater if a customer or another party fails to meet its obligations.	Unitywater is exposed to credit risk through its customers, investments with the Queensland Treasury Corporation (QTC) and deposits held with banks.
Liquidity risk	Liquidity risk is the risk that Unitywater may encounter difficulty in meeting obligations associated with financial liabilities which are settled by delivering cash or another financial asset.	Unitywater is exposed to liquidity risk through its trading in the normal course of business, and through borrowings from the QTC for its working capital requirements.
Market risk - 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.	Unitywater is exposed to interest rate risk through its borrowings from QTC and Participating Councils, investment with QTC and cash deposited in interest bearing accounts. Unitywater does not trade in foreign currency and is not materially exposed to commodity price changes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

5 NOTES ABOUT RISKS AND OTHER UNCERTAINTIES

5.1 FINANCIAL INSTRUMENTS

5.1.2 Financial risk management

Risk measurement and management strategies

Unitywater measures risk exposure using a variety of methods, as follows:

Risk exposure	Measurement method	Risk management strategies
Credit risk	Ageing analysis	<p>Unitywater 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 counterparties. Deposits are capital guaranteed. Other investments are held with regulated financial institutions that have a credit rating of at least A+.</p> <p>In respect of trade and other receivables, Unitywater is obliged to service all customers in its service area without regard to customer credit quality. Unitywater manages credit risk in accordance with its Credit Management Policy, which outlines credit collection processes, continuing service provision whilst minimising risks associated with fulfilling payment requirements, customer awareness regarding the use of appropriate payment options and plans to reduce likelihood of non-payment and provisions for those customers suffering genuine financial hardship. Exposure to credit risk is monitored on an ongoing basis.</p> <p>In respect to cash and cash equivalents, Unitywater only deals with creditworthy counterparties and recognised financial intermediaries as a means of mitigating against the risk of financial losses from default. Unitywater's Investment and Cash Management Policy provides a high level framework which prescribes the credit rating of counterparties.</p>
Liquidity risk	Maturity analysis	<p>Unitywater 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.</p>
Market risk - interest rate risk	Sensitivity analysis	<p>Unitywater manages this 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 and the Participating Councils such that the desired interest rate risk exposure can be constructed.</p>

5.1.3 Credit risk exposure

The maximum exposure to credit risk at 30 June 2018 in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provision for impairment (Refer Notes 4.1 and 4.2).

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

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

5.1.4 Liquidity risk

The following table sets out the liquidity risk of financial liabilities held by Unitywater at reporting date. It represents the contractual maturity of financial liabilities, including interest payments, calculated based on undiscounted cash flows.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

5 NOTES ABOUT RISKS AND OTHER UNCERTAINTIES

5.1 FINANCIAL INSTRUMENTS

5.1.4 Liquidity risk

	Carrying amount	Financial liabilities			Total cash flows
		Cash flows payable in			
	\$'000	<1 year \$'000	1-5 years \$'000	>5 years \$'000	\$'000
2018					
Trade and other payables	107,961	107,961	-	-	107,961
PLG Loans	1,160,652	58,729	233,059	1,757,705	2,049,493
QTC borrowings	397,000	14,997	59,472	397,000	471,469
Total	1,665,613	181,687	292,531	2,154,705	2,628,923
2017					
Trade and other payables	101,249	101,249	-	-	101,249
PLG Loans	1,160,652	60,557	240,487	1,837,022	2,138,066
QTC borrowings	397,000	15,563	61,537	397,000	474,100
Total	1,658,901	177,369	302,024	2,234,022	2,713,415

5.1.5 Fair value

Unitywater has not recognised any financial assets or financial liabilities at fair value.

The fair value of cash, trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

The fair value of interest bearing loans and borrowings is notified by QTC. It 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
2018		
Participating Councils		
Subordinated loans	1,160,652	1,374,734
QTC borrowings		
Client Specific Pool	397,000	411,874
Total	1,557,652	1,786,608
2017		
Participating Councils		
Subordinated loans	1,160,652	1,212,567
QTC borrowings		
Client Specific Pool	397,000	414,608
Total	1,557,652	1,627,175

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

5 NOTES ABOUT RISKS AND OTHER UNCERTAINTIES

5.2 CONTINGENCIES AND COMMITMENTS

5.2.1 Leases

Finance leases

Leases in which Unitywater assumes all of the risks and rewards of ownership are classified as finance leases. Unitywater 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.

Non-cancellable operating 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 Unitywater's Statement of Financial Position. Operating lease payments are expensed in the period incurred and are representative of the pattern of benefits derived over the lease term.

i. Leases as lessee

Commitments under non-cancellable operating leases at reporting date are payable as follows:

	2018 \$'000	2017 \$'000
Within one year	2,759	2,684
Between one and five years	11,979	11,623
More than five years	3,668	6,823
	18,406	21,130

Unitywater leases various land and buildings. 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 \$2,593,150 (2017: \$2,436,253) was recognised as an expense in the Statement of Profit or Loss in respect of operating leases.

ii. Leases as lessor

Commitments under non-cancellable operating leases at reporting date are receivable as follows:

	2018 \$'000	2017 \$'000
Within one year	1,533	1,389
Between one and five years	4,974	4,808
More than five years	6,336	6,826
	12,843	13,023

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

5 NOTES ABOUT RISKS AND OTHER UNCERTAINTIES

5.2 CONTINGENCIES AND COMMITMENTS

5.2.2 Capital expenditure commitments

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

	2018 \$'000	2017 \$'000
Property, plant and equipment		
Within one year	33,660	57,293
One year and no later than five years	1,877	20,226
More than five years	-	329
	35,537	77,848
Intangibles		
Within one year	51	983
One year and no later than five years	30	39
	81	1,022

5.2.3 Contingencies

Legal claims

A number of construction claims may be made by Unitywater contractors against Unitywater, the financial effect and timing of which cannot be estimated as at the date of this report. Unitywater does not admit liability.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

6 OTHER NOTES

6.1 KEY MANAGEMENT PERSONNEL

6.1.1 Board members

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 Unitywater's Board and relevant Board committees. The Board members who were paid, or were due to be paid from Unitywater were:

	2018 Remuneration \$	2017 Remuneration \$
Jim Soorley	115,510	113,181
Barry Casson	61,604	60,338
Sharon Doyle	67,105	65,726
Mike Williamson	61,604	60,338
Fiona Waterhouse	61,604	50,282
	367,427	349,865

6.1.2 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 Unitywater during the year. Further information can be found in the body of the Annual Report under the section relating to Our Structure - Executive Leadership Team.

Position	Responsibilities
Chief Executive Officer	Accountable to the Board for the overall management and operation of the Authority as well as to ensure the successful delivery of the Authority's strategic direction.
Chief Financial Officer	Responsible for managing strategy, business development, corporate performance, financial reporting, tax, treasury, financial systems, procurement, pricing and economic regulation and Unitywater's information technology environment.
Executive Manager Sustainable Infrastructure Solutions	Responsible for water and sewerage asset management including planning, design and capital delivery, drinking water quality monitoring and assurance, and development services of the Authority.
Executive Manager Customer Delivery	Responsible for managing all aspects of the day-to-day operation and maintenance of the water reticulation network, recycled water network, sewage collection network and sewage treatment plants of the Authority.
Executive Manager Customer and Community	Responsible for ensuring the Authority's commercial and regulatory obligations to customers, community and government are met through the effective management and leadership of communications, stakeholder engagement, customer service and revenue assurance.
Executive Manager People Culture & Safety	Responsible for workforce strategy, safety, environmental compliance, quality systems, workplace relations, human resources practices, policies and procedures of the Authority, risk management and legal and governance.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

6 OTHER NOTES

6.1 KEY MANAGEMENT PERSONNEL

6.1.3 Remuneration for key executive management personnel

Remuneration and other terms of employment for Unitywater's key executive management personnel are determined by the Board and specified in individual employment contracts. The contracts provide for the provision of fixed term and performance-related cash payments, including:

- Short-term employee benefits:
 - o Salaries, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position;
 - o Performance payments; and
 - o Non-monetary benefits (e.g. special leave provisions).
- Long term employee benefits include long service leave accrued
- Post-employment benefits include superannuation contributions

Performance payments of key executive management are capped at 20% of Fixed Annual Remuneration (FAR). Amounts payable are tied to the achievement of pre-determined organisational, business unit and individual performance targets as agreed by the Board and the Chief Executive Officer. Performance payments require endorsement by the Nominations and Remuneration Committee and approval by the Board.

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.

All remuneration component amounts are reviewed annually and 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 Unitywater.

Where employment is terminated due to Unitywater's operational requirements, a redundancy payment is payable in accordance with the *Fair Work Act 2009*. The payment is based on the individual's FAR figure and period of service.

All executives were employed for the entire financial year unless otherwise disclosed.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

6 OTHER NOTES

6.1 KEY MANAGEMENT PERSONNEL

6.1.3 Remuneration for key executive management personnel

Remuneration for key executive management personnel comprises the following components:

1 July 2017 - 30 June 2018

Position	Short term employee benefits		Post employment benefits ³	Long term employee benefits ⁴	Total remuneration
	Monetary ¹ \$	Non-monetary benefits ² \$	\$	\$	\$
Chief Executive Officer	481,369	-	25,000	19,219	525,588
Chief Financial Officer	408,158	-	25,000	13,791	446,949
Executive Manager Sustainable Infrastructure Solutions (1 July 2017 - 14 January 2018)	152,340	-	10,614	2,588	165,542
Executive Manager Sustainable Infrastructure Solutions (acting 15 January 2018 - 10 June 2018) (appointed 11 June 2018)	96,960	-	12,601	13,085	122,646
Executive Manager Customer Delivery	322,780	-	25,000	3,428	351,208
Executive Manager Customer and Community	332,896	-	20,351	6,283	359,530
Executive Manager People Culture & Safety	287,838	-	25,000	5,688	318,526
General Counsel & Company Secretary ⁵ (acting) (1 July 2017 - 29 September 2017)	47,834	-	2,484	557	50,875
Total remuneration	2,130,175	-	146,050	64,639	2,340,864

1 Short term monetary benefits include:

- salaries and allowances paid and provided for during the year;
- performance payments paid during the year; and
- annual leave entitlements paid and provided for.

2 Short term non-monetary benefits consist of the provision of motor vehicles.

3 Post employment benefits consist of superannuation contributions.

4 Long term employee benefits represent the movements in the provision for long service leave. This represents amounts provided for, not amounts that have been paid. A number of factors impact upon the provision including earning and taking of leave, changes to escalation rates, discount rates, and probability factors of employees reaching the required length of service to be eligible for long service leave. When an employee leaves prior to the requisite period of service being completed a reversal of the long service leave accrual is made.

5 The role of General Counsel & Company Secretary was discontinued. The role of Company Secretary ceased to be KMP. Legal governance and risk functions were transferred to Executive Manager People, Culture & Safety.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

6 OTHER NOTES

6.1 KEY MANAGEMENT PERSONNEL

6.1.3 Remuneration for key executive management personnel

1 July 2016 - 30 June 2017

Position	Short term employee benefits		Post employment benefits ³	Long term employee benefits ⁴	Total remuneration
	Monetary ¹	Non-monetary benefits ²			
	\$	\$	\$	\$	\$
Chief Executive Officer	487,921	-	29,359	10,022	527,302
Chief Financial Officer	364,713	-	25,492	6,949	397,154
Executive Manager Sustainable Infrastructure Solutions ⁶	272,956	-	22,226	4,083	299,265
Executive Manager Customer Delivery (acting) (25 April 2016 - 11 September 2016)	44,305	7,028	1,596	590	53,519
Executive Manager Customer Delivery (12 September 2016 - current)	236,426	-	20,672	-	257,098
Executive Manager Customer and Community ⁷	329,893	-	21,432	(3,358)	347,967
Executive Manager People Culture & Safety	275,365	-	22,238	4,254	301,857
General Counsel & Company Secretary (1 July 2016 - 28 April 2017)	187,810	-	14,994	(4,285)	198,519
General Counsel & Company Secretary (acting) (1 May 2017 - 30 June 2017)	33,850	-	3,003	268	37,121
Total remuneration	2,233,239	7,028	161,012	18,523	2,419,802

6 The Infrastructure Planning & Capital Delivery business unit was renamed to Sustainable Infrastructure Solutions.

7 The Retail Services business unit was renamed to Customer and Community.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

6 OTHER NOTES

6.1 KEY MANAGEMENT PERSONNEL

6.1.4 Performance payments

Individual performance payments are based upon achievement of corporate, divisional and individual targets.

The performance assessment process occurs after the end of the financial year. Payment of performance bonuses occurs in the year following actual performance.

Performance bonuses were paid this financial year on 2 November 2017.

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

	2018 Remuneration \$	2017 Remuneration \$
Performance payments paid	263,251	291,536

6.2 RELATED PARTIES

6.2.1 Transactions with Participating Councils

The amount of revenue and expenditure and the amount receivable or payable to Participating Councils are as follows:

	Moreton Bay Regional Council		Sunshine Coast Council*		Noosa Council		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Revenue								
Utility charges	5,453	5,951	4,647	4,480	949	966	11,049	11,397
Other revenue	2,303	1,689	1,601	4,065	253	200	4,157	5,954
	7,756	7,640	6,248	8,545	1,202	1,166	15,206	17,351
Expenses								
Supplies and services	1,238	1,296	2,476	400	20	7	3,734	1,703
Interest on loans	35,070	36,085	22,502	23,154	2,549	2,623	60,121	61,862
Taxation equivalents	42,029	19,947	27,069	12,847	3,067	1,456	72,165	34,250
Participation returns	415	21,483	268	13,837	30	1,568	713	36,888
	78,752	78,811	52,315	50,238	5,666	5,654	136,733	134,703
Amounts receivable								
Utility charges	551	914	575	576	107	112	1,233	1,602
Other receivables	61	196	32	70	21	19	114	285
Developer contributions - cash	-	-	-	25	-	-	-	25
	612	1,110	607	671	128	131	1,347	1,912
Amounts payable								
Interest payable	8,767	9,021	5,626	5,789	637	656	15,030	15,466
Supplies and services	2	2	-	-	-	-	2	2
Taxation equivalents	16,169	6,532	10,414	4,207	1,180	477	27,763	11,216
Participation returns	-	12,681	-	8,168	-	925	-	21,774
	24,938	28,236	16,040	18,164	1,817	2,058	42,795	48,458
Loans and borrowings								
Loans	677,025	677,025	434,409	434,409	49,218	49,218	1,160,652	1,160,652
	677,025	677,025	434,409	434,409	49,218	49,218	1,160,652	1,160,652

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

Refer to Note 6.4 for details relating to transactions with controlled entities.

*Suncentral Maroochydore Pty Ltd is a wholly owned subsidiary of Sunshine Coast Council and is also a related party of Unitywater. Transactions between Unitywater and Suncentral Maroochydore Pty Ltd are included in Sunshine Coast Council in the table above.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

6 OTHER NOTES

6.2 RELATED PARTIES

6.2.2 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.

A Board member is the Managing Director and major shareholder of InterFinancial Corporate Finance Limited. Unitywater recognised \$32,475 as an expense during 2017-18 for consultancy services provided by that entity (2017: \$84,600). This entity was engaged on an arm's length basis under normal commercial terms and conditions.

6.2.3 Key executive management personnel transactions

Key executive management personnel of Unitywater or their related parties conduct transactions with Unitywater 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.

A professional services company controlled by a close family member of a key executive management personnel was engaged by Unitywater to provide assistance with the development of Unitywater's Corporate Strategy during the financial year. Unitywater recognised \$44,800 as an expense during 2017-18 for the preparation and facilitation of strategy workshops (2017: \$10,000). The procurement of the services acquired was based on normal commercial terms and conditions. At 30 June 2018, \$5,600 remained outstanding as a trade and other payable.

All other 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.

6.3 NEW AND REVISED ACCOUNTING STANDARDS

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future effective dates are set out below.

Estimated impact of the adoption of AASB 9 and AASB 15

Unitywater is required to adopt AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* from 1 July 2018. Unitywater has assessed the estimated impact that the initial application of AASB 9 and AASB 15 will have on its financial statements. The estimated impact of the adoption of these standards on Unitywater's equity at 1 July 2018 is based on assessments undertaken to date and is summarised below. The actual impacts of adopting the standards may change because the new accounting policies are subject to change until Unitywater presents its first financial statements that include the date of initial application.

	As reported at 30 June 2018 \$'000	Estimated adjustments due to adoption of AASB 9 \$'000	Estimated adjustments due to adoption of AASB 15 \$'000	Estimated adjusted opening balance at 1 July 2018 \$'000
Retained earnings - 1 July 2018	484,262	495	2,949	487,706

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

6 OTHER NOTES

6.3 NEW AND REVISED ACCOUNTING STANDARDS

The total estimated adjustment (net of tax) to the opening balance of Unitywater's equity at 1 July 2018 is \$3,444,332. The principal components of the estimated adjustment are as follows:

- i. An increase of \$2,949,480 in retained earnings due to a new point of revenue recognition for developer contributions (see AASB 15 ii. below).
- ii. An increase of \$494,852 in retained earnings due to adoption of a new expected credit loss impairment model on financial assets, including additional trade receivables and contract assets recognised on initial application of AASB 15 (see AASB 9 ii. below).

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised from contracts with customers. The new standard replaces existing revenue recognition guidance. Revenue is recognised when (or as) a performance obligation is satisfied by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. This standard will first apply to the financial statements of Unitywater for 2018-19.

Only contracts that pertain to customers are assessable under AASB 15, which requires careful analysis of the circumstances to confirm whether a customer relationship exists. This standard includes detailed requirements for the accounting of certain types of revenue from customers under a five-step process which is used to identify the contract, identify performance obligations, determine the transaction price, allocate the transaction price and recognise revenue.

Unitywater has reviewed all of its revenue streams against the five-step process set out in the standard. There is limited change from current recognition processes which will not result in a substantial change to the timing of revenue recognition. Unitywater is expecting the following impact from the adoption of the new standard on 1 July 2018:

- i. Utility charges - No material change to amount and timing of revenue recognition with revenue continuing to be recognised over time.
- ii. Developer Contributions - A new point of revenue recognition whereby revenue is earned when the developer obtains control of the benefit of the connection service i.e. the point at which the developer meets all conditions of connection approval and obtains the right to connect to Unitywater's network. The net impact on adoption is expected to be an increase of \$2,949,480.
- iii. Other income - No material changes. Limited change to timing of revenue recognition for application, connection and search fees which will be adjusted (subject to materiality) to reflect the average time taken to deliver the services.
- iv. The approach of recognising unearned income as a liability in the Statement of Financial Position will continue, however the classification will change from "unearned revenue" to "contract liability".

Transition

The standard permits either a full retrospective or a modified retrospective (simplified transition method) approach for the adoption. Unitywater plans to adopt the new standard on the required effective date using the simplified transition approach where the financial statements are retrospectively adjusted but the cumulative impact is recognised in retained earnings at the date of initial application without restating any comparative periods presented.

Disclosures

Adoption of the new standard using the modified retrospective approach requires disclosure of the amount by which each financial statement line item is affected in 2018-19 by the application of AASB 15 as compared to AASB 18 *Revenue* and related interpretations that were in effect before the change. Additional qualitative information will be required in the financial statements regarding the nature of the goods and services transferred and satisfaction of

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

6 OTHER NOTES

6.3 NEW AND REVISED ACCOUNTING STANDARDS

performance obligations. The notes must also outline the movements in receivables, contract assets (accrued revenue currently reported under trade receivables) and contract liabilities (currently unearned revenue) from contracts with customers with relevant explanations to highlight the change. Currently the movements in these items are not disclosed in the notes to the financial statements.

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

These standards will first apply to the financial statements of Unitywater for 2018-19. The main impacts of these standards are changes to the requirements for the classification, measurement, impairment and disclosures associated with Unitywater's financial assets. AASB 9 will introduce new criteria for whether financial assets can be measured at amortised cost or fair value dependent upon the business model in which assets are managed and their cash flow characteristics. AASB 9 also introduces a new forward looking expected credit loss (ECL) impairment model for financial assets.

Unitywater has reviewed its financial assets and financial liabilities and is expecting the following impact from the adoption of the new standard on 1 July 2018:

- i. Cash and cash equivalents are to be classified as subsequently measured at amortised cost (previously held at fair value).
- ii. Trade receivables will be classified and measured at amortised cost similar to the current classification of loans and receivables. Unitywater must estimate ECL's for all trade receivables and contract assets including those that have no indicators of being uncollectable. Unitywater will be adopting the simplified ECL model for its trade receivables and contract assets (arising from AASB 15) and

measure life time expected credit losses on all trade receivables and contract assets using a provision matrix. Applying this approach Unitywater has estimated the opening provision for impairment for trade receivables on 1 July 2018 to be \$680,949, a decrease of \$706,931 compared to the amount reported at 30 June 2018 \$1,387,880, resulting in net receivables of \$113,650,845 on transition.

- iii. Unitywater has a loan to a controlled entity (Unitywater Properties Pty Ltd). This intercompany loan does not attract interest and does not have any fixed repayment terms. This loan does not meet the Solely Payment of Principal and Interest (SPPI) test and will no longer be categorised as amortised cost and will be measured at fair value through profit or loss. Given the fully controlled nature of the relationship and the planned usage for the property, it is not expected that the fair value will be lower than current carrying value.
- iv. All financial liabilities listed in Note 5.1.1 will continue to be measured at amortised cost. Unitywater expects no impact on accounting for financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Unitywater does not have any such liabilities.

Transition

Changes in accounting policies resulting from the adoption of AASB 9 will generally be applied retrospectively however, Unitywater will take advantage of the exemption in AASB 9 allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment changes). Any adjustments to carrying amounts of financial assets or liabilities will be recognised at 1 July 2018 with the differences recognised in opening retained earnings.

Disclosures

Aside from a number of one-off disclosures in the 2018-19 financial statements to explain the impact of adopting AASB 9, a number of new or changed disclosure requirements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

6 OTHER NOTES

6.3 NEW AND REVISED ACCOUNTING STANDARDS

will apply from that time. Assuming no change in the types of financial instruments that Unitywater enters into, ongoing disclosure impacts are expected to be minimal.

AASB 16 Leases

This standard which specifies how to recognise, measure and disclose leases will first apply to the financial statements of Unitywater for 2019-20. Under AASB 16 the present value of Unitywater's operating lease commitments as defined under the new standard, excluding short-term and low value leases, will be shown as lease liabilities and corresponding right-of-use (ROU) assets on the Statement of Financial Position. Disclosure of the undiscounted amount of Unitywater's operating lease commitments under AASB 117 Leases is presented in note 5.2.1.

Unitywater has completed an initial assessment of the potential impact on its financial statements. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend on composition of Unitywater's lease portfolio at that date, Unitywater's latest assessment of whether it will exercise any lease renewal options, the prevailing interest rates and the extent to which Unitywater elects to use practical expedients and recognition exemptions.

AASB 16 will affect primarily the accounting for Unitywater's operating leases in particular, long-term non-cancellable property leases for office buildings, which are expected to have a material impact when recognised in the Statement of Financial Position. Unitywater estimates that less than 1% of current undiscounted operating lease commitments relate to payments for short-term and low value leases which will be recognised on a straight-line basis as an expense in profit or loss.

Based on initial high-level modelling, the amount of ROU assets and lease liabilities that will have to be recognised on adoption of the new standard (inclusive of exercise of lease term extension options) is estimated to be upward of \$23,000,000. The total assets and liabilities on the Statement of Financial Position will increase with a decrease in net total

assets due to the reduction of the ROU asset being on a straight-line basis whilst the liability reduces by the principal amount of payments. Net current assets will show a decrease due to a portion of the liability being classified as a current liability.

Operating lease payments will no longer be classified as operating expenses rather payments will be apportioned between a reduction in lease liability and finance charge. Additionally, operating expense will be replaced with interest and depreciation. Cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

Unitywater does not expect the adoption of AASB 16 to impact its ability to comply with the minimum credit metrics per long term debt arrangements.

AASB 16 substantially carries forward the lessor accounting requirements of AASB 117.

Determining whether an arrangement contains a lease

Unitywater intends to apply the grandfathering option under AASB 16 permitting the classification of existing contracts as leases under AASB 117 to be carried over to AASB 16. There are recognition exemptions for short-term leases and leases of low value items which Unitywater also intends to apply. Work to date has focused on identifying current contracts that will be in the scope of AASB 16 and identifying, reviewing and analysing the terms of these agreements to calculate the likely lease liabilities and related ROU assets to be recognised on transition (including modelling the impact of various transition options under the modified retrospective approach).

Transition

As a lessee, Unitywater can either apply the standard using a full retrospective or modified retrospective (simplified) approach. In accordance with policy expected to be mandated by Queensland Treasury, Unitywater plans to adopt the simplified approach. The cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019 with no restatement of comparatives.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

6 OTHER NOTES

6.3 NEW AND REVISED ACCOUNTING STANDARDS

Disclosures

On transition an explanation of the relationship between the prior year operating lease commitments disclosed under AASB 117 and the opening lease liability on adoption of AASB 16 is required as well as additional disclosures on transition approach.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to Unitywater's activities, or have no material impact on Unitywater.

First year application of new accounting standards or change in accounting policy

i. Changes in accounting policy

Unitywater did not voluntarily change any of its accounting policies during 2017-18.

ii. Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2017-18. Unitywater applies standards and interpretations in accordance with their respective commencement dates.

iii. Accounting standards applied for the first time

There were no Australian Accounting Standards that became effective for the first time in 2017-18 which materially impacted on this financial report.

6.4 CONTROLLED ENTITIES

Unitywater Properties Pty Ltd

In January 2017, Unitywater participated in the formation of Unitywater Properties Pty Ltd and controls 100% of the share capital and voting rights of the company. Unitywater Properties Pty Ltd registered office is in Caboolture, Queensland, with its activities being conducted in the same regions as Unitywater's licence to provide water and sewerage services. The company is for-profit in nature, being formed solely to undertake property development with the intention of holding land that is:

- i. not required for water and sewerage services and would therefore be classified as non-regulated; and
- ii. has facilities that could alternatively be used for commercial purposes.

Share capital of Unitywater Properties consists of two shares of \$1 each.

Unitywater is the sole contributor of resources to Unitywater Properties Pty Ltd via an intercompany loan. During 2017-18, funds provided to Unitywater Properties Pty Ltd totalled \$Nil (2017: \$1,686,379). The intercompany loan does not attract interest and does not have any fixed repayment terms.

Financial Information of Unitywater Properties:

	2018 \$'000	2017 \$'000
Total assets	1,686	1,686
Total liabilities	1,686	1,686
Total revenue	-	-
Total Operating result	-	-

MANAGEMENT CERTIFICATE
FOR THE YEAR ENDED 30 JUNE 2018

CERTIFICATE OF UNITYWATER FOR THE YEAR ENDED 30 JUNE 2018

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.
- b. The statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Unitywater for the financial year ended 30 June 2018 and of the financial position at the end of that year.
- c. These assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

Jim Soorley AM
BA (Psych), MA (Org Psych)

Chairman



Signature
27 August 2018

George Theo
MBA (Bus), BEng (Civil), CPEng,
Ass Dip Mun (Eng), MIEAust, GAICD

Chief Executive Officer



Signature
27 August 2018

Pauline Thomson
BBus (Acc), FCPA, GAICD

Chief Financial Officer



Signature
27 August 2018



INDEPENDENT AUDITOR'S REPORT

To the Board of Northern SEQ Distributor-Retailer Authority

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Northern SEQ Distributor-Retailer Authority.

In my opinion, the financial report:

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

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

Basis for opinion

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

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

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

Other information

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

Those charged with governance are responsible for the other information.

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

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



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

I have nothing to report in this regard.

Responsibilities of the entity for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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



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


- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

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



28 August 2018

Vaughan Stemmett
as delegate of the Auditor-General

Queensland Audit Office
Brisbane



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33 King Street
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PO Box 953
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1300 086 489
www.unitywater.com

Hon Dr Anthony Lynham
Treasurer
Minister for Natural Resources, Mines and Energy
1 William Street
Brisbane Qld 4000

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2017-2018 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 91 of this annual report.

Yours sincerely

Jim Soorley
Chairman

4 September 2018

SUMMARY OF COMPLIANCE





Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	Page 90
Accessibility	Table of contents	ARRs - section 9.1	Page 3
	Glossary	ARRs - section 9.1	Page 93
	Public availability	ARRs – section 9.2	Page 2
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	Page 2
	Copyright notice	<i>Copyright Act 1968</i> ARRs – section 9.4	Page 2
	Information licensing	<i>QGEA – Information Licensing</i> ARRs – section 9.5	N/A
General information	Introductory information	ARRs – section 10.1	Page 4
	Agency role and main functions	ARRs – section 10.2	Page 4
	Operating environment	ARRs – section 10.3	Page 5
Non-financial performance	Government's objectives for the community	ARRs – section 11.1	Page 7
	Other whole-of-government plans/specific initiatives	ARRs – section 11.2	N/A
	Agency objectives and performance indicators	ARRs – section 11.3	Page 7
	Agency service areas and service standards	ARRs – section 11.4	Page 8, 12, 13
Financial performance	Summary of financial performance	ARRs – section 12.1	Page 38
Governance – management and structure	Organisational structure	ARRs – section 13.1	Page 35
	Executive management	ARRs – section 13.2	Page 37
	Government bodies (statutory bodies and other entities)	ARRs – section 13.3	N/A
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs - section 13.4	Page 33
	Queensland public service values	ARRs - section 13.5	Page 9, 10

Summary of requirement		Basis for requirement	Annual report reference
Governance – risk management and accountability	Risk management	ARRs – section 14.1	Page 7, 33
	Audit committee	ARRs – section 14.2	Page 33, 36
	Internal audit	ARRs – section 14.3	Page 33
	External scrutiny	ARRs – section 14.4	Page 34
	Information systems and record keeping	ARRs – section 14.5	Page 34
Governance – human resources	Strategic workforce planning and performance	ARRs – section 15.1	Page 28, 29, 30, 31, 32
	Early retirement, redundancy and retrenchment	<i>Directive No.11/12 Early Retirement, Redundancy and Retrenchment</i> <i>Directive No.16/16 Early Retirement, Redundancy and Retrenchment (from 20 May 2016)</i> ARR – section 15.2	N/A
Open Data	Statement advising publication of information	ARRs – section 16	Page 34
	Consultancies	ARRs – section 33.1	Page 34
	Overseas travel	ARRs – section 33.2	Page 34
	Queensland Language Services Policy	ARRs – section 33.3	N/A
Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARR – section 17.1	Page 86
	Independent Auditor’s report	FAA – section 62 FPMS – section 50 ARR – section 17.2	Page 87
Definitions	FAA	<i>Financial Accountability Act 2009</i>	
	FPMS	<i>Financial and Performance Management Standard 2009</i>	
	ARRs	<i>Annual report requirements for Queensland Government agencies</i>	
	N/A	Not applicable	

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 Record-keeping Management System
EWOQ	Energy and Water Ombudsman Queensland
GL	Gigalitre, which is 1 billion litres
GPS	Global Positioning System
ICT	Information and Communications Technology
Infiltration	Groundwater entering underground infrastructure via cracks and faulty joints
Inflow	Rainwater entering the sewerage network via defective or inappropriate plumbing of stormwater to the sewer
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
ML	Megalitre, which is 1 million litres
Participation Agreement	Sets out the rights of our participating councils and Unitywater's obligations to these councils
Participating councils	The Moreton Bay Regional Council, Sunshine Coast Council and Noosa Council, with whom Unitywater has a Participation Agreement
QCA	Queensland Competition Authority
R&D	Research and development
RTI	Right to Information Act
Sewage	Waste discharged from sinks, drains, toilets and appliances such as dishwashers and washing machines
Sewerage	The infrastructure network used to receive, store, transport and treat sewage
SEQ	South East Queensland
STP	Sewage Treatment Plant



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-  unitywater.com
 -  **1300 086 489**
Emergencies and Faults 24 hours
Customer Service: 7am - 6pm,
Mon - Fri (except public holidays)
 -  Unitywater, PO Box 953, Caboolture QLD 4510
 -  Customer Service Counters 8.30am - 4.30pm,
Mon - Fri (except public holidays)
8-10 Maud Street, Maroochydore QLD 4558
33 King Street, Caboolture QLD 4510

Unitywater has certification to
OH&S ISO 4801
Environmental ISO 14001
Quality Systems ISO 9001
Food Safety Management ISO 22000

