



Unitywater
Serving you today, investing in tomorrow.

Annual Report

2020-2021

Welcome

ABOUT THIS REPORT

Unitywater is pleased to present our Annual Report 2020-21. This report is published on our website at unitywater.com/annualreport. A limited number of copies of this report have also been printed. If you wish to access a printed copy, please call or email Unitywater to arrange delivery or collection. Please use these contacts if you need further information or assistance with this Annual Report:

Phone: 1300 086 489 Email: communications@unitywater.com



INTERPRETER SERVICE

We are 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 Services (TIS National) by phoning 131 450.

ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

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

OUR CONTACT DETAILS

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2020-21 Highlights



\$136_M

Investment in water supply and sewerage infrastructure

10,000

smart water meter installations began

0%

2020/21 prices frozen to support customers during COVID-19

100%

of biosolids reused

128

community groups supported through financial grants, volunteer time and in-kind donations

59%

customers received their bills electronically

562

sporting and community groups supported through discounted bills

41%

female participation in leadership roles

2050

sustainability targets set

ZERO net carbon emissions
ZERO net nutrients to waterways
ZERO waste from STPs to landfill
ZERO recycled water waste >100% reuse

Message from the Chairman

I am proud to deliver Unitywater's eleventh Annual Report, my first as Chairman of this exceptional organisation.

The past 12 months have undoubtedly been extraordinary, presenting those of us working to supply essential public services with unique and difficult challenges.

Fortunately, our people, our customers and our community proved themselves to be as extraordinary as the challenges posed by the COVID-19 pandemic, displaying true courage and determination to rise to those challenges and lean into the recovery efforts to shape our new normal.

I would like to make special mention of the people of Unitywater who have demonstrated impressive resilience this year. They continued to innovate, collaborate and go the extra mile for our customers to maintain the delivery of Unitywater's core water and sewerage services.

Our customers have always been our reason for being, but this past year, the pandemic caused us to lift our level of care beyond simply offering great customer service and a positive customer experience.

To support residents and businesses during the COVID-19 pandemic and recovery, we froze all of our prices for the 2020-21 financial year. This was the sixth consecutive freeze on our water and sewerage usage charges, part of our ongoing commitment to keep costs as low as possible.

Our commitment to sustainably planning and building new or upgraded Infrastructure to support emerging communities continued as a focus for us this year.

We have strengthened collaborations with local and state governments to secure funding for essential infrastructure for major housing developments in South East Queensland, such as the significant growth site at Caboolture West as part of the Neighbourhood Development Plan 1 (NDP1).

This year, we have invested \$136 million in infrastructure, including progressing with works on our Redcliffe Sewage Treatment Plant and Kawana Sewage Treatment Plant. To meet growing demands for utility services, we have made substantial progress with planning for projects in Caloundra South and Palmview. These Aura and Harmony projects total more than \$152 million.

We have set ourselves aspirational "net zero by 2050" targets this year. These aim to deliver enhanced sustainability outcomes such as reducing our carbon footprint and energy consumption, and increasing the production of green energy and use of recycled water.

This year we delivered a total profit of \$138.6 million. After excluding developer contributions of cash and gifted assets, our profit was \$25.2 million.

We continue to deliver valuable returns to our participating councils of Moreton Bay, Sunshine Coast and Noosa.

I would like to sincerely thank each council for their ongoing support of our Board and the Unitywater team. I am honoured to chair an organisation with a strong reputation as a leading water utility committed to operational excellence and built on a foundation of care. I extend my thanks to the Board members and Executive Leadership Team for their dedicated leadership and support.



Michael Arnett
Chairman
06 September 2021

Foreword from the CEO

I am proud to deliver the 2020-21 Annual Report which describes our performance over the year and measures our success in accordance with our strategic direction.

As I reflect on the year, resilience, persistence, the courage to make a difference in difficult times and recovery are key themes that come to mind when I think about the character of the people and our partners who work for Unitywater and the customers we serve.

We have worked through change as one team and supported each other and our customers through days that invariably challenged, inspired and altered us forever.

This past year, we were called upon to keep our communities safe and supported while delivering reliable water and sewerage services. Despite the changes that COVID-19 has brought to our community, our business continuity planning allowed us to maintain those essential services and ensure the health and safety of the people so crucial in making sure those services are delivered, despite changes to the way we worked.

Our COVID Safe planning kept our people safe, healthy and virus-free even when the pandemic was at its worst. During the year we introduced technology to help our people stay safe, including a desk booking app to maintain physical distancing and a Safe When Working Alone app to ensure the safety of our people when working remotely and alone. This is a great result for our people and their families.

This care for our people extended out to our customer community. Our Customer Care Package supported customers facing uncertainty and difficulty paying their bills. The Package gave customers 60 days to pay their bills, interest-free "pay what you can" plans and no charged interest on overdue accounts. For the first time ever, we also waived fixed access fees for six months for eligible, local sporting and community groups and trade waste customers.

One of the pleasing outcomes of the pandemic was the closer bonds forged by communities large and small. Here at Unitywater, it was no different, and we were able to strengthen our community connections by supporting organisations doing essential work in the

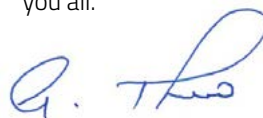
areas of homelessness, children and youth, mental health, environment and the prevention of domestic and family violence through grants, partnerships, volunteering and artwork programs.

Customers are poised for future benefits, such as real-time SMS alerts about unplanned water outages and incidents with new digital technology. Since April we have been installing 10,000 smart water meters as part of our Digital Neighbourhood trial. These smart meters will help customers to manage their water usage, detect leaks faster and save money on their bills. We are also developing an Intelligent Data Platform to enable us to make smarter decisions about managing and maintaining our networks to improve the customer experience.


As a water and sewerage services provider, we recognise the role we play in caring for the environment. This year, we developed and will shortly launch Water Matters, our collaborative 30-year plan to deliver sustainable water for a healthier, more liveable future. We are also challenging ourselves to deliver on long-term sustainability outcomes that reduces our carbon emissions and nutrients into waterways, while also reducing costs.

With combined SEQ Water Grid storages falling below 60% last year and our off-grid communities in Dayboro and Kenilworth experiencing restricted water supply, we moved into the "Drought Response" phase of our drought preparations. We continue to work with Seqwater and water service providers to take a regional approach to managing drought and encouraging residents to conserve water.

I want to thank our Board and the Executive team for their ongoing support and efforts to deliver on our purpose and corporate strategy. To all our people at Unitywater, I am grateful for your dedication, passion and commitment. Finally, we cannot do what we do without the support of our families, a huge thank you to you all.



George Theo
Chief Executive Officer
06 September 2021

The image features a large, white, stylized number '1' on the left side. The background is a gradient of blue, with a large, light blue circle on the left and a darker blue circle on the right. The text 'WHO WE ARE' is positioned to the right of the number '1'.

1

WHO
WE ARE

About us

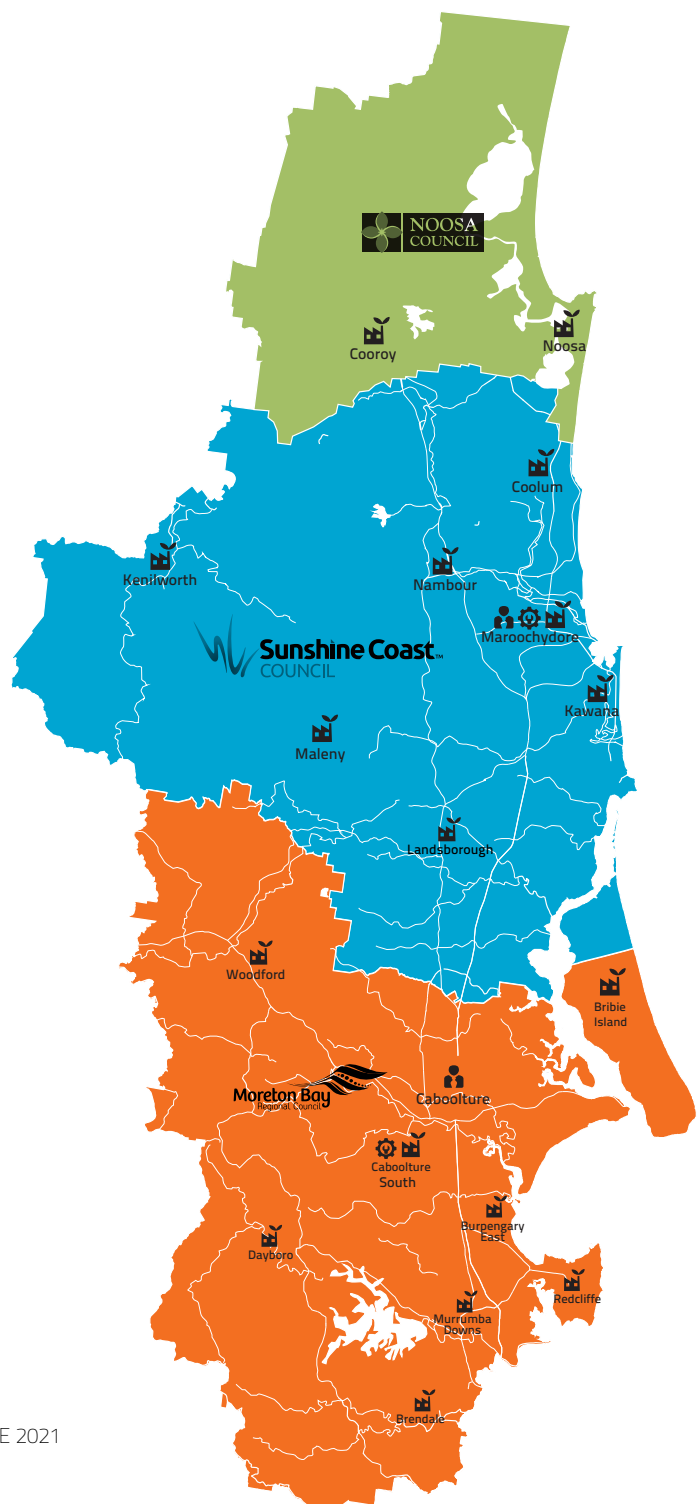
Unitywater is a resilient and innovative customer-focused organisation that provides safe, high-quality and reliable water and sewerage services to the communities of Moreton Bay, Sunshine Coast and Noosa. Our service is essential, economically and environmentally sustainable and vital to keeping our communities healthy.

We are committed to caring for our customers, our communities, our people and our environment. We work around the clock 365 days of the year, knowing our services are important to liveability and the quality of life in our region.

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 our shareholders – Moreton Bay Regional Council, Noosa Council and Sunshine Coast Regional Council. We align with the State Government’s objectives for the community through keeping Queenslanders healthy, improving water quality and creating jobs.

UNITYWATER'S SERVICE AREA

-  Corporate Offices
-  Service Centres
-  Sewage Treatment Plants



Our purpose, vision and values

Unitywater has a clear purpose, vision and set of shared values that underpins how we do business. These guide our people to make a meaningful contribution in their day-to-day work to our business operations, our goals and our aspirations.

OUR PURPOSE

Our purpose is keeping our communities healthy. We do this by providing essential water and sewerage services that enrich the lives of all our customers.

OUR VISION

To be a sustainable water and sewerage service provider that creates value for its customers and returns value to its stakeholders.

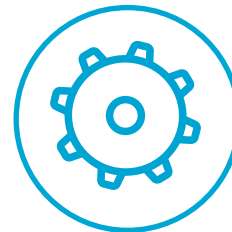
OUR VALUES



RELIABILITY



ONE TEAM



EFFICIENCY



**HONESTY
& INTEGRITY**



SAFETY



INNOVATION

About our strategy

OUR STRATEGY

Unitywater's strategy centres around our core purpose of providing safe and reliable water and sewerage services 24/7 as well as the concept of care – for our customers, our communities and our people. We understand the importance of keeping prices as low as possible, whilst still being easy to interact with. We believe in looking after the people who work for us, making them feel safe and connected daily. We are committed to giving back to our communities because we take our social and environmental responsibilities seriously.

We have a strategy that contains our goals, aspirations and targets over the next five years. To achieve this strategy, we align our individual, team, branch and business unit plans to achieve our goals as an organisation.

Our strategy provides direction and a razor sharp focus for us to achieve our vision and deliver on our purpose.



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2

OUR
PERFORMANCE
2020-21

Our performance on core services

99.96%
ACHIEVED

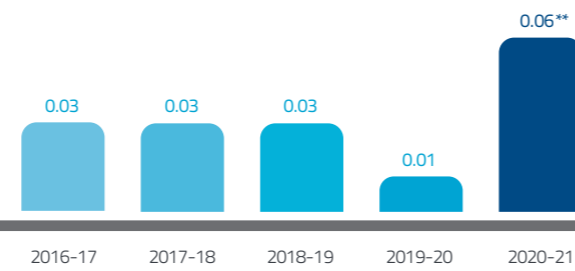
Bacteriological compliance with Public Health Regulation 2018
TARGET >98%



Water

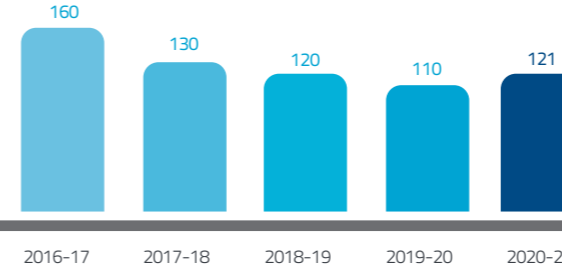
DRINKING WATER QUALITY COMPLAINTS per 1000 connected properties

*INDUSTRY MEDIAN 2019-20 = 1.0



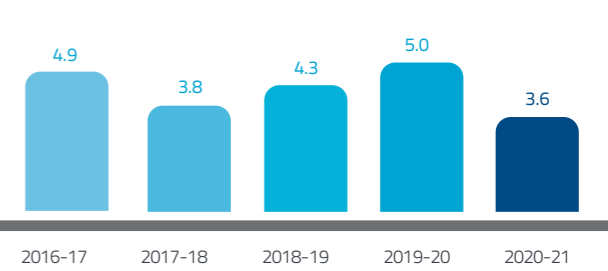
AVERAGE DURATION OF AN UNPLANNED WATER OUTAGE (MINUTES)

TARGET <110 *INDUSTRY MEDIAN 2019-20 = 131.9



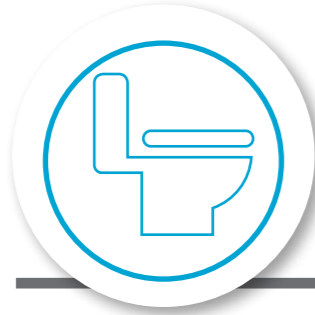
WATER MAIN BREAKS AND LEAKS per 100 km of mains

TARGET <4.3 *INDUSTRY MEDIAN 2019-20 = 25.1



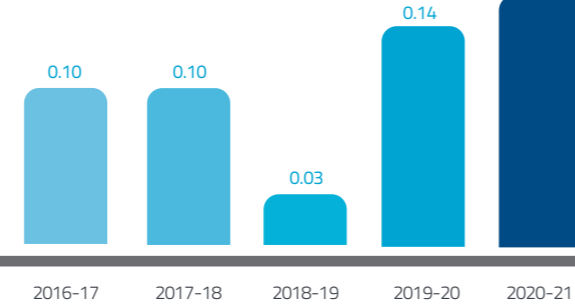
98%
ACHIEVED

Sewage treatment plants met licence requirements
TARGET >99%

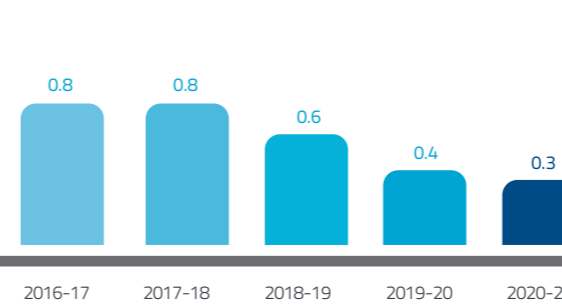


Sewerage

ODOUR COMPLAINTS per 1000 connected sewerage properties

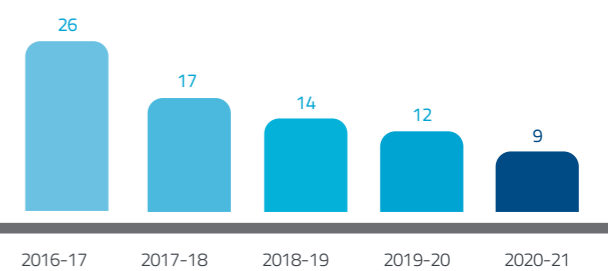


DRY WEATHER SEWAGE OVERFLOWS Monthly average per 100 km of main



SEWER MAIN BREAKS AND CHOKES per 100 km of mains

TARGET <20 *INDUSTRY MEDIAN 2019-20 = 33



78%
ACHIEVED

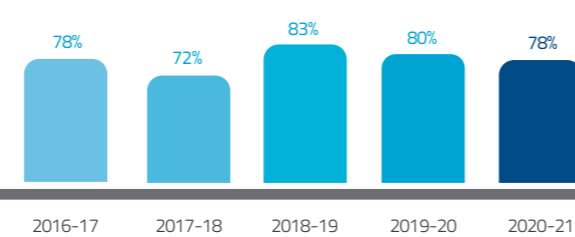
Grade of service
TARGET = 82%



Customer Service

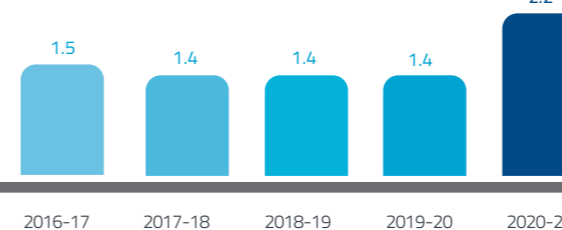
CALLS ANSWERED BY AN OPERATOR within 30 seconds (%)

*INDUSTRY MEDIAN 2019-20 = 73.7



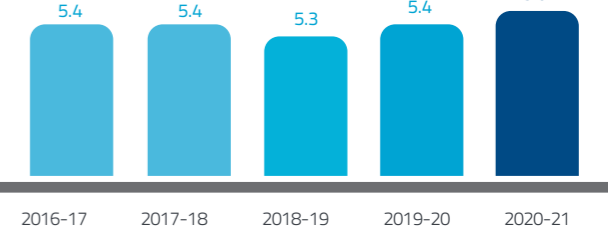
WATER AND SEWERAGE COMPLAINTS per 1000 properties

*INDUSTRY MEDIAN 2019-20 = 4.2



CUSTOMER EASE SCORE Customer-initiated contact

SCORE OUT OF 7



*Australian utilities with 100,000+ connected properties (National Performance Report 2019-20 Urban Water Utilities).

**Despite service levels remaining stable, water and sewerage complaints increased from 2019/20 to 2020/21, with no major systemic trends identified. In response to growing complaints, Unitywater formed a dedicated response team which resolved the root cause issues where clusters of complaints were identified.

*Australian utilities with 100,000+ connected properties (National Performance Report 2019-20 Urban Water Utilities).

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The year in review



Investing in our assets

	Number	Measure
Value of water supply and sewerage assets	3.7	\$B
Length of water mains servicing customers	6230	KM
Reservoirs renewed/reroofed	22	reservoirs
Reservoirs cleaned	23	reservoirs
Drinking water supplied	59,351	ML
Water mains acoustically swept for leaks	1980	KM
Hydrants/valves replaced	790	hydrants/valves
Sewage treated	62,163	ML
Length of sewer mains servicing customers	6040	KM
Sewer mains relined	30.5	KM
Sewer mains inspected with CCTV	115	KM
Percentage of biosolids recycled	100	%
Biosolids recycled and sent to beneficial use	81,226	tonnes
Recycled water supplied	722	ML



Delivering for our customers

	Number	Measure
Total customers	360,972	total accounts
Residential properties served	325,449	properties
Commercial and industrial enterprises served	18,083	enterprises
Customer satisfaction score	6.7	out of 10
Visits to our website	850,912	visits
Customer calls received	113,363	calls
Water meter readings performed	1,212,006	readings
Customers who received their bills electronically	59	%
Customer issues resolved on first contact	67	%
Priority 1 water supply and sewerage issues responded to in less than 1 hour	95	%

Our financial performance

We are focused on robust financial management to ensure we meet our customers' expectations and obligations to our participant councils.

In the 2020-21 financial year Unitywater's profit was \$138.6 million after tax. After excluding developer contributions of \$113.4 million (comprised of cash and donated assets), we made a profit of \$25.2 million.

Developer cash contributions of \$58.7 million in 2020-21 continued to be a revenue source as Unitywater has an obligation to use these funds to build new water and sewerage infrastructure for our growing communities.

Unitywater regularly communicates with our customers about the importance of water conservation, helping to drive changes in water consumption across the region. As a result, water consumption per customer has dropped 5% since 2016-17 and is now the lowest since Unitywater began operations in 2010.

Our focus on environmental sustainability and conservation remains even while we continue to deliver price stability. Efficiency in our operations means that we are able to successfully pursue both environmental and economic sustainability, which is good news for our customers and for the health of the land and waterways in the region.

STATEMENT OF PROFIT OR LOSS

	2016-17 \$M	2017-18 \$M	2018-19 \$M	2019-20 \$M	2020-21 \$M
Revenue					
Utility charges	512.8	526.2	549.5	578.8	581.2
Fees and charges	7.7	7.9	7.5	8.8	9.6
Developer contributions	130.2	142.6	152.0	123.3	113.4
Other income	18.8	19.5	21.6	19.2	19.6
Total revenue	669.5	696.2	730.6	730.1	723.8
Operating expenses					
Bulk water purchases	(170.2)	(176.4)	(189.3)	(205.1)	(204.6)
Employee expenses	(64.1)	(61.1)	(68.0)	(71.9)	(73.0)
Supplies and services	(81.3)	(89.9)	(86.2)	(82.9)	(84.8)
Depreciation and amortisation	(79.7)	(80.5)	(83.0)	(83.9)	(90.8)
Impairment losses	(1.8)	(0.1)	(0.0)	(0.0)	(0.0)
Finance and borrowing costs	(79.8)	(76.2)	(73.9)	(70.3)	(64.7)
Other expenses	(12.3)	(6.0)	(13.4)	(11.3)	(8.0)
Total operating expenses	(489.2)	(490.2)	(513.9)	(525.4)	(525.9)
Profit before tax	180.3	206.0	216.7	204.7	197.9
Tax expense	(44.8)	(86.6)	(64.9)	(61.3)	(59.3)
Profit after tax	135.5	119.4	151.8	143.4	138.6
Adjusted profit					
Profit after tax	135.5	119.4	151.8	143.4	138.6
Developer contributions	(130.2)	(142.6)	(152.0)	(123.3)	(113.4)
Less one-off tax adjustment		31.1			
Profit/(Loss) ex developer contributions	5.3	7.9	(0.2)	20.1	25.2

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3

HELPING
OUR
CUSTOMERS

Keeping our prices affordable

We strive to keep our prices as low as possible. This is important to our customers and we know that it drives better outcomes for our communities.

PRICE FREEZE AND CUSTOMER CARE

In 2020-21, we froze our water and sewerage usage charges for the sixth year in a row; a commitment we were able to make for a seventh consecutive time in the 2021-22 financial year.

Over and above the price freeze, our response to the COVID-19 pandemic also included support packages offered to our customers. We provided all customers with 60 days to pay their bills and waived fixed access fees for eligible, local sporting and community groups and trade waste customers for six months.

MANAGING OUR OPERATING COSTS

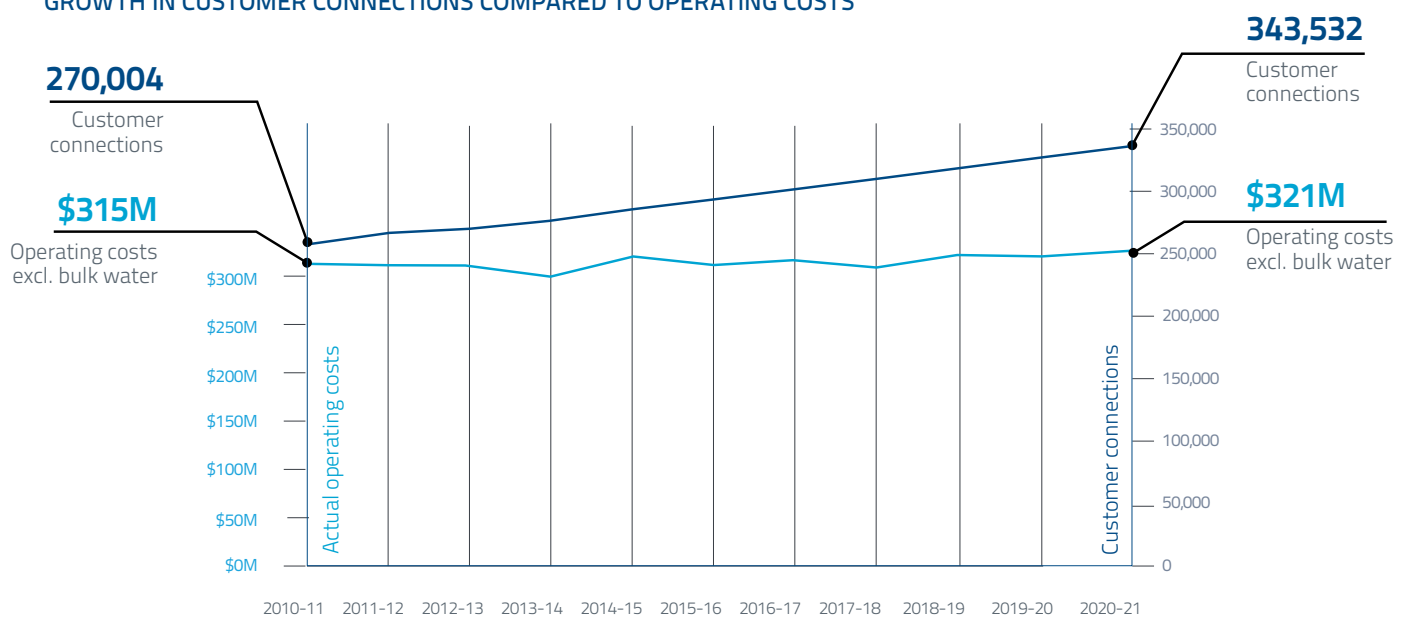
We consistently focus on working smarter to manage our operating costs while at the same time never compromising the delivery of safe, reliable and sustainable water and sewerage services.

Significant population growth in our service region adds to the complexity of balancing revenue with

expenditure, however we are proud that our operating costs, excluding bulk water, from 2010-11 to 2020-21 have remained relatively flat despite the pressures of inflation and a 27% growth in customer connections over this same period. Unitywater continued to respond to these challenges by focusing on key strategic initiatives to drive costs down over the 2020-21 financial year.

Unitywater operates in one of the fastest growing regions of Australia, providing essential services to 17% of the Queensland population. The population of our service region is forecast to increase to 988,000 people by 2026. As a result, we are making prudent investments in water and sewerage infrastructure to ensure we continue to meet the expectations and demands of these growing communities for our essential, around-the-clock services.

GROWTH IN CUSTOMER CONNECTIONS COMPARED TO OPERATING COSTS



We are easy to do business with

By keeping prices affordable and being easy for our customers to do business with, we are driving better outcomes for our customers and our communities every day.

IMPROVING DIGITAL CUSTOMER SERVICE

Reflecting a COVID-inspired surge in customer uptake of digital, contact-free transactions, Unitywater has been working hard to help customers access their account details and bills easier and quicker online.

The upgraded My Account now allows customers to log in and register with their social logins, update credit card details including expiry date and use My Account on their mobile devices.

More than 59% of our customers are signed up for e-billing. Sign up through [My Account](#).

DIGITAL NEIGHBOURHOOD PROGRAM

Our Digital Neighbourhood Program will create Unitywater's first digitally connected network of smart water meters and smart sensors on our water mains in an initial trial location on the Sunshine Coast.

This smart network will give us a better understanding of water usage patterns to help us identify leaks in our infrastructure quicker. It will help us better manage planned and reactive maintenance while also improving the customer experience through real-time SMS (text) alerts about high water use and the possibility of hidden leaks, which can lead to unexpectedly high bills.

In April 2021 we began installation of 10,000 smart water meters at properties in Mooloolaba, Alexandra Headland, Maroochydore and some areas of Buderim, Mountain Creek and Kuluin. Customers received either a new integrated meter or a logger, which sits on top of an existing mechanical water meter.

This stage is one of the first steps in Unitywater's long-term plan to roll out smart water meters across our entire water supply network to improve water security and deliver customer benefit.

SMS WATER OUTAGE ALERTS

In March 2021 we began to trial an SMS (text) service to communicate water outages to our customers. This complements the outage map on our website, which was upgraded early last year.

During the trial for the Enterprise Messaging System (EMS), residential and commercial property owners receive an SMS to advise that their property might be without water, the reason for the outage and an estimated time of restoration.

This new service will ensure customers receive proactive notification to outages in their area, so they can plan and prepare.

FASTER NETWORK CONNECTION APPROVALS

Unitywater's Accreditation and Certification (A&C) system has sped up average connection approval times to 10 days.

Our A&C system allows Accredited Entities and Registered Certifiers to assess applications to connect developments to our water and sewerage network.

Launched in July 2018, the system has proven successful in saving time and allowing the development industry to have greater control over their projects.

We have 112 Registered Certifiers and 41 Accredited Entities who are now qualified to manage Unitywater water and sewerage development applications on behalf of their clients.

From 1 July 2021, all applications to connect to non-trunk infrastructure will need to go through an Accredited Entity. [Read more about the A&C system on our website.](#)

Growing new business

Unitywater aims to have a reliable and diversified source of ongoing non-regulated revenue to offset costs and minimise price increases to our customers.

LANDING OPPORTUNITIES FOR REVENUE GROWTH

We are continuing to transform Unitywater-owned land that isn't required for our operations in order to maximise returns and offset future costs. Our development of a nine-lot subdivision in Maroochydhore was completed in July 2019. Four of the lots have been sold and the remaining lots have been retained by Unitywater to generate revenue from leases.

STRATEGIC PARTNERSHIPS

Unitywater is exploring opportunities with other organisations with smaller customer bases who could leverage and benefit from the expertise we have in managing network leakage and providing 24/7 network monitoring.

PIPE AI MACHINE LEARNING TRIAL

Unitywater has partnered with Queensland tech company Pipe AI to leverage their expertise in artificial intelligence and automation to improve our asset management, particularly around pipe defect detection and failure prediction.

The partnership will facilitate the future development of Pipe AI – a software which uses machine learning to assess the condition of water and sewerage pipes.

Initial trials of Pipe AI have demonstrated the potential benefit of this technology, with the software accurately identifying and classifying faults from more than 3000 CCTV videos.

LAND LEASES FOR SOCIAL BENEFIT

Unitywater's 'Growing new business' program seeks to generate long-term revenue streams from its land portfolio while maintaining a commitment to providing social benefits to communities.

As part of this program, Unitywater has entered into a ground lease agreement with community group Youngcare.

Youngcare is a not-for-profit organisation creating choice and independence for people aged 18 to 65 with high care needs by providing fully accessible and age-appropriate living spaces.

STRATEGIC INVESTMENTS

In 2020, we finalised our first strategic investment with a minority share in a local service provider to the utilities, local government and transport sectors. Partnering with industry affiliates in this way improves efficiencies and enables us to reduce our operating costs which helps us advance towards our strategic goal to keep our prices low for our customers.

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4

ADDING
VALUE TO OUR
COMMUNITY

Supporting our communities

We strive to make positive contributions to people and organisations in our service region because we aim to be a valued member of our community.

RESILIENT, CONTINUED OPERATIONS

Despite COVID-19 restrictions easing in our community during the year, the continued effects of the pandemic reminded us how essential our services really are. At Unitywater, we relied on our strong business continuity plans to maintain delivery of our essential services, to keep our people safe and healthy and to make sure our work with communities, customers and suppliers was minimally impacted. This ensured our water and sewerage services to our customers remained unaffected. Our water supply also remained safe at all times, meeting strict *Australian Drinking Water Guidelines*. We also continued to drive our capital works program to enable our contracting partners to keep their workforce employed.

SUPPORTING OUR COMMUNITIES DURING TOUGH TIMES

In 2020-21, Unitywater provided discounted water and sewerage bills to 562 local sporting and community groups who meet our eligibility criteria. This amounted to a combined total saving of \$93,385 for these important community groups.

The long-lasting effects of the pandemic have put many people in our communities at higher risk of homelessness. To assist some of the most vulnerable in the community, Unitywater has continued to provide support to various organisations. We have provided over \$226,000 to assist essential community services through our community program in grants and partnerships. This included the Sunshine Coast Community Hub and crisis centre, which operated from the Sunshine Coast Stadium. The hub provided a variety of much-needed services including emergency food packs, meals, financial and housing advice, laundry facilities, showers, medical consultations and flu vaccinations.

This year Unitywater has partnered and offered support to many organisations. Some of these include Kids in Action, Save The Children, Salvation Army, Encircle, Sunny Street, Orange Sky, Redcliffe Breakfast Club, PCYC Caboolture, Kanyini Connections, Youturn, Zonta Club of Caloundra, Bamboo Projects, Bunya Bunya Aboriginal Corporation, Reset and Kookaburra Kids. We have also partnered with Twinnies Pelican and Seabird Rescue, Maroochydore Surf Life Saving Club, Noosa Environmental Education Hub, Noosa Integrated Catchment Association, Oz Harvest Sunshine Coast and Wildlife Rescue Queensland.

COMMUNITY EDUCATION - MANAGING DROUGHT CHALLENGES

As an essential service provider, one of our key roles is to ensure our communities are well-educated on how to save water and what their target usage level is. Patchy rainfall across the year saw combined SEQ Water Grid storages fall below 60% in October 2020. It also challenged our offgrid communities in Dayboro and Kenilworth who experienced reduced water supplies.

We launched our Local Water Legends campaign in October 2020 to urge residents in our Unitywater community to target water use behaviours, reducing consumption to 150L per person per day and preparing people for water restrictions.

Two-time Suncorp Super Netball Champions, Sunshine Coast Lightning, also joined the Local Water Legends 'team' to help our message reach even more people in our region. Heavy rainfall in March and early April had a minimal impact on dam levels, and our Local Water Legends campaign continues to keep locals engaged with our water saving message as dam levels fell throughout the year. [Read more here about being a Local Water Legend.](#)

Supporting our communities *continued*

SCHOOLS EDUCATION PROGRAM

We have completed education presentations at 15 schools, with 1540 primary students across our Moreton Bay, Noosa and Sunshine Coast regions. These free, interactive classroom engagements include a fun Unitywater introduction, and provide information on the urban water-cycle and our environment with a focus on water saving, plastic waste and what not to flush down the toilet.

Unitywater also launched our Walter Smart and Friends program to primary schools in Term 2 of the 2021 school year, which includes a new live, in-school theatre water education program. The program is being trialled in partnership with Smart Approved WaterMark and Gibber Educational.

This year 20 schools took part in the program, reaching 4507 students. [Read more here on our website.](#)

CHILDREN'S BOOK LAUNCHED

Unitywater marked World Toilet Day on 19 November 2020 with the launch of a new children's book that educates people about what should and shouldn't be flushed.

The book, Harold the Hungry Toilet, was written by one of our own people, Water Industry Worker Andrew Hanifin. It is available at public libraries across our region. The book also featured at water industry events as part of Unitywater's broader education program. [Harold the Hungry Toilet is available to download on our website.](#)

ART TO ENHANCE OUR COMMUNITIES

We launched a community artwork trail map to inspire visitors and locals to enjoy our reservoirs, water towers and pump stations that have been transformed with vibrant murals. The ANZAC themed mural on the King Street Water Tower in Caboolture was completed in 2020, bringing joy to vulnerable residents living in a nearby aged care facility who were isolated from loved ones due to COVID-19. This project earned strong community engagement, with 3500 votes received for the winning mural design. The Beachmere Water Tower artwork was completed in May 2021 and was officially unveiled as part of the town's 150th anniversary. [View the community artwork trail map on our website.](#)

PREVENTING DOMESTIC AND FAMILY VIOLENCE

Unitywater's commitment to the prevention of domestic and family violence continues to support our customers, our community and our people.

We continued to partner with Australia's CEO Challenge (ACEOC) to provide workplace training and support the community through the Darkness to Daylight community event, raising awareness and funds to support ACEOC's critical work. In October 2020, 23 team members took part in Darkness to Daylight raising more than \$20,000 for ACEOC, and in May 2021, the Unitywater team again walked, ran and jogged 110km to support ACEOC in Darkness to Daylight, raising a further \$17,000. As a White Ribbon Accredited workplace, Unitywater recognised White Ribbon Day by bringing our people together in a virtual conversation to build awareness and share support resources. In April, Unitywater reconfirmed our commitment to White Ribbon, signing an agreement to commence the re-accreditation process.

Supporting our communities *continued*

COMMUNITY GRANTS PROGRAM

To support local groups in the Moreton Bay, Noosa and Sunshine Coast regions that help keep our community healthy, Unitywater has once again provided community grants this financial year. The grants program encourages applications for initiatives and projects that have a positive impact on local communities and their health. This year we provided financial support to 13 local groups to assist them with their missions. [Visit our website for more information on our community grants.](#)

uVOLUNTEER

We are proud to be able to offer our people a chance to make a difference in the communities in which they live. As an enhancement to our community program, our team members can support our community through our uVolunteer program. Every team member is given the opportunity to have one paid volunteer day each year.

This year uVolunteer opportunities included:

- › Christmas gift wrapping and hamper distribution
- › A working bee at a Women's Refuge
- › Clean up for the Hatchlings event
- › Clean Up Australia Day
- › Australian Red Cross blood donations

In total, 54 Unitywater people volunteered 205 hours to 8 organisations. We look forward to participating in more activities with COVID-19 restrictions eased.

COMMUNITY REFILL STATIONS

To help keep the community healthy and hydrated, we've been working with councils to install water bottle refill stations in popular recreational areas across Moreton Bay, Noosa and Sunshine Coast.

The refill stations not only provide hydration for our communities but also help the environment by reducing the use of single-use plastic and its impacts on waterways and wildlife.

We currently have 38 refill stations installed, and plan to install 12 more in the coming months. [View the community refill station map on our website.](#)

CONTAINER FILL STATIONS FOR OFF-GRID COMMUNITIES

To assist our customers who live in off-grid areas, we are continuing to install container fill stations in our regions. A new container fill station was installed in February 2021 at Highvale, in the Moreton Bay region. This adds to our container fill stations already in place at Cooroy, Nambour and Warner.

These stations allow residents who are not on town water to fill their own containers and then top up their water tanks when rainfall is low.

[View the container fill station map on our website.](#)

HELPING COMMUNITIES CLEAN UP

Early this year 697 people gathered to help clean up rubbish across 19 Sunshine Coast locations as part of the Sunshine Coast Council's Clean-up for the Hatchlings day. Various Unitywater team members assisted the clean up under our uVolunteer program.

Unitywater's Water on Tap Van was there to provide free water bottles and to offer water refills to keep volunteers hydrated. A total of 495 kilograms of rubbish was removed on the day. The Sunshine Coast Council event is run in partnership with Reef Check Australia, Sealife Sunshine Coast and Unitywater.

Unitywater volunteers also got involved in Clean Up Australia activities once again this year. We teamed up with Pipe Management Australia, Twinnies Pelican and Seabird Rescue, Noosa Integrated Catchment Association and the Noosa Environmental Education Hub.

Between two separate events, a total of 79 volunteers from various organisations collected 3340 items of rubbish, including micro litter and recyclables.

Caring for our environment

Unitywater is committed to protecting and enhancing the environment in which we operate, mindful of the positive impact we can have on creating sustainable liveability in our beautiful region.

KOALA POPULATION AT MURRUMBA DOWNS

Unitywater is supporting the survival and wellbeing of a koala colony at our Murrumba Downs Sewage Treatment Plant by teaming up with Endeavour Veterinary Ecology who study and look after the koala population. Koalas are being tagged to monitor their whereabouts and conduct regular health checks. About four koalas call the STP site a semi-permanent home. They are part of a colony of just under 100 koalas.

BLUE HEART

We continue to work with the State Government and Sunshine Coast Council with our Australian-first Blue Heart partnership. Blue Heart refers to an area of more than 5,000 hectares within the Maroochy River Catchment where a dedicated land and water management project will deliver a range of integrated environmental, social and economic outcomes. We also actively engage with our partners to keep the community involved and updated about the importance of Blue Heart. Our Yandina Creek Wetland forms part of the Blue Heart.

[Read more on our website.](#)

LEAK DETECTION

We aim to minimise water lost through leaks and bursts across our extensive network wherever we can. Not only does this help us to conserve and protect this precious resource, it also helps keep our prices as low as possible for our customers.

During the year we carried out active leak detection on approximately 1980 km of water mains, finding and preventing the loss of \$2.1 million worth of bulk water (assuming the leaks would have lasted for another six months before being reported). Our leak detection program continues to show great results, and has reduced our water losses by 5.5% since 2017-18.

Unitywater performed well in the Isle Utilities Water Leakage Benchmark, receiving praise for a five-year program of work focusing on water main renewals and/or replacements. This program will continue as customer awareness about the importance of water conservation grows.

CABOOLTURE RIVER NUTRIENT OFFSET PROJECT

Last year we completed a pilot restoration project at our Bellmere site on the Caboolture River. The nutrient offset works at the Bellmere site consist of stabilising a 250-metre section of eroding riverbank with the aim of preventing the soil and associated nutrients from entering the river. The stabilisation work is expected to prevent 2,397 cubic metres of soil from eroding per year and provide nutrient offsets of 1.51 tonnes of total nitrogen and 0.79 tonnes of total phosphorus per year which will be used as an offset to the mass load of nutrients discharged from the nearby Caboolture South STP. [Go to our website](#) for more information on the project.

YANDINA CREEK WETLAND

As property owners of Yandina Creek Wetland, Unitywater has overseen a transformation of this former cane farming land into a wetland. Wetlands are a natural way to remove nutrients and sediments from the river and this site offsets the nutrients discharged from nearby sewage treatment plants following treatment of the community's sewage. The 191ha wetland removes an estimated 5.3 tonnes of total nitrogen per year. The site is part of the Blue Heart area and partnership between Unitywater, Sunshine Coast Council and the Department of Environment and Science. In late 2020, we officially opened the wetlands to the community with a trail walk and bird watching hide, giving bird watchers the chance to spot more than 100 species. More information on the [Yandina Creek Wetland](#) is available on our website.

Investing in our service region

As the population continues to grow in our regions, Unitywater understands the importance of investment in our communities. We are looking to address population growth and service needs to benefit communities now and into the future.

FISHERMANS ROAD SEWER MAIN REPLACEMENT PROJECT

This year Unitywater brought forward the Fishermans Road sewer main replacement project to ensure reliable sewerage services for the community for the next 100 years. The project was originally scheduled to start in 2022. The project included replacing and realigning the sewer main with approximately 850 meters of new pipework installed in a highly used community area near the Fishermans Road Sunday Markets and Maroochydore Multi Sports Complex. A thorough community engagement process was undertaken and the project was successfully achieved in a short timeframe.

FINLAND ROAD CONSTRUCTION

To ensure water supply security to Coolum and surrounding areas, Unitywater is undertaking a \$10.5m project to upgrade infrastructure along Finland Road and remove the current above-ground water main. This critical piece of infrastructure will be 2.2kms in length with a 600mm diameter and will convey more than 3.3 gegalitres of potable water each year to supply to over 6000 properties.

WAMURAN IRRIGATION SCHEME

Wamuran offers ideal agricultural settings for the use of recycled water. Unitywater is working with a joint venture partner, to demonstrate the viability of delivering reliable, high-quality recycled water from our South Caboolture Sewage Treatment Plant to farmers in the Wamuran agricultural area for irrigation. This year the critical concept design has been approved. The scheme will provide farmers with 2.6 gegalitres per year of Class A Recycled water once constructed.

NOOSA SEWERAGE NETWORK IMPROVEMENT

A \$2.3 million project to augment approximately 1km of trunk sewerage infrastructure in the Lake Doonella region along Goodchap and Juron Streets, Tewantin provided the additional capacity required to meet demand. The project was completed in July 2020.

REDCLIFFE SEWAGE TREATMENT PLANT UPGRADE

Our Redcliffe Sewage Treatment Plant (STP) services residents and businesses in the suburbs of Rothwell, Kippa-Ring, Redcliffe, Clontarf, Scarborough, Margate and Woody Point. This year Unitywater has continued to progress with works on the \$39 million rehabilitation project at the Redcliffe STP. The project will reduce odour impacts on the local community and reduce environmental impacts.

KAWANA SEWAGE TREATMENT PLANT UPGRADE

Kawana Sewage Treatment Plant has seen a major upgrade which is now nearing completion. The upgrade has increased the capacity of the plant to cater to the rapid growth in the Caloundra South region. The plant now includes an advanced filter and activated carbon system to capture and treat odours onsite. Additionally, there is a new green electricity generator at the plant that runs on waste biogas and produces 33% of the site's power, helping to reduce Unitywater's carbon footprint.

Driving sustainability

Unitywater has developed a sustainability pathway that contains long-term goals that aim to further protect public health and contribute to sustainable services while addressing the challenges of population growth and changes in our environment.

SUSTAINABILITY PATHWAY

At Unitywater we aim to deliver innovative and environmentally sustainable solutions across our water and sewerage networks, treatment plants, facilities and fleet. These solutions reduce our energy consumption, reduce our carbon footprint, increase green energy production, reduce waste from sewage treatment plants going into landfill, reduce net nutrients going into our waterways, and increase recycled water use.

2050 SUSTAINABILITY TARGETS SET

ZERO net carbon emissions

ZERO net nutrients to waterways

ZERO waste from STPs to landfill

ZERO recycled water waste > 100% reuse

SUSTAINABILITY STEPPING STONES

In view of sustained high growth in our service area and the challenges we face from changes in our environment, we have set relevant short-term sustainability measures of success as stepping stones towards a more sustainable future.

By 2025 we aim to achieve the following:

Goal 1: **45%** carbon emissions reduction (baseline 2019-20)

Goal 2: **6,000 kg** Total Nitrogen diverted or offset from waterways (baseline 2019-20)
780kg Total Phosphorus diverted or offset from waterways (baseline 2019-20)

Goal 3: **100%** biosolids reuse/diversion from landfill

Goal 4: **15,000 MWh** renewable energy generation

PROGRESS MADE IN 2020-21

Goal 1: **45%** carbon emissions reduction (baseline 2019-20) – Unitywater is working towards setting up monitoring and reporting processes to track progress towards this goal.

Unitywater is focused on reducing its carbon footprint through a focus on renewable energy and energy efficiency.

Goal 2: **9,900kg** Total Nitrogen diverted or offset from waterways

1,400kg Total Phosphorus diverted or offset from waterways

Unitywater's program of nutrient reduction and offsetting initiatives is hitting short-term targets and going beyond. Key achievements include the ongoing nutrient offset benefits from the Yandina Creek Wetland site and Caboolture River nutrient offset stabilisation project at Bellmere (read more on page 24), and supply of recycled water for a variety of fit-for-purpose uses in the service region.

Goal 3: **100%** biosolids reuse/diversion from landfill – 100% achieved

Unitywater continued its focus on successfully reusing all biosolids to boost nutrients and organic matter in agricultural soils. Beneficial reuse such as this is an important resource recovery approach. Additional research and development initiatives were progressed during the year including a biosolids composting and farmland trial, where we are investigating the variability of composting biosolids to realise further soil enhancement and crop development opportunities.

Goal 4: **15,000 MWh** renewable energy generation – Unitywater is working towards setting up monitoring and reporting processes to track progress towards this goal.

Driving sustainability *continued*

ENERGY MANAGEMENT PLAN

In August 2020 we rolled out a new seven-year Energy Management Plan. The [Unitywater 2020–2027 Energy Management Plan](#) aims to save the equivalent of \$2.5 million per annum in energy costs, consumption and emissions by 2027, helping to keep customer bills as low as possible.

Solar panels have enabled the Kenilworth Sewage Treatment Plant to become energy neutral and a cogeneration plant is producing renewable energy to power our Kawana Sewage Treatment Plant.

Investigations have been undertaken with respect to the viability of solar and battery installations at our large sewage treatment plants. These investigations will continue into next year as we seek ways to utilise the sun's energy to power our treatment plants.

RENEWABLE PROJECT

Unitywater has been conducting a renewable energy trial exploring the gasification of biosolids at the Burpengary East sewage treatment plant.

This type of technology may be able to increase Unitywater's renewable energy generation, reduce its carbon footprint and reduce contaminants that we find within our biosolids. It also potentially provides an alternative biosolids management option, significantly reducing the cost of disposal to farmland.

This trial will continue into next year as Unitywater endeavours to determine the viability, costs and benefits of this technology.

WATER MATTERS

Unitywater's Water Matters program is enabling us to work with our partners and the community to develop a long-term plan for a healthier, more liveable future to 2051.

Our Water Matters consultation commenced with our Sunshine Coast and Noosa communities in April 2021. The consultation gathered feedback to guide how water supply and sewerage services are delivered, how key waterway catchments are managed, and what new and sustainable options can be explored in the future to support the environment and a growing community.

Water Matters will lay the foundations for working towards outcomes for 2051. Unitywater's Water Matters is being developed in partnership with Sunshine Coast Council and Noosa Council.

PARTNERSHIPS – WATERSTART AND WATER SERVICES ASSOCIATION

Building strategic partnerships is helping us to improve services to our customers, drive innovation and deliver wider industry benefits. Unitywater has forged two such partnerships with WaterStart and the Water Services Association of Australia's W-Lab. These collaborations connect us to a global network developing and sharing innovative solutions to industry challenges.

PASSIVE AERATION

Unitywater launched an innovation trial this year to investigate the energy and cost-saving benefits of an emerging sewage treatment technology called passive aeration.

Conventional sewage treatment processes, which remove organic matter and nutrients from wastewater, are energy intense, due to the need to add large volumes of air into the treatment process.

This emerging technology helps to save energy by aerating in a more passive way while still reducing nutrients to a compliant level.

Planning for future growth

We have a responsibility and a commitment to sustainably plan and build new or upgraded water and sewerage infrastructure to meet the needs of our growing region.

CABOOLTURE WEST NEIGHBOURHOOD DEVELOPMENT PLAN 1

This year we worked towards securing \$10.5 million in loan funding from the State Government to build water and sewerage networks for a development in Moreton Bay. Leading the initiative, Unitywater will be working with the Department of State Development and Planning, Moreton Bay Regional Council, Department of Transport and Main Roads and multiple landowners for the Caboolture West Neighbourhood Development Plan 1 (NDP1).

The NDP1 will establish the water and sewerage infrastructure required to enable future growth and development in the Caboolture West region.

The \$10.5 million comes from the Building Acceleration Fund in the form of an interest-free loan with a 15-year term. The funds will go towards delivering water supply, sewerage networks and a sewerage pumping station.

CALOUNDRA SOUTH AND PALMVIEW

We are undertaking three projects in the City of Aura in Caloundra South and Harmony Estate in Palmview, to meet growing population needs. The three projects total more than \$152 million and are scheduled to be completed by 2024.

AURA

To meet population demands, we have started planning works on the Aura Water Project which will provide potable water to the continual Aura development.

The Aura Sewerage Project will collect sewage and transport it for treatment at the Kawana Sewage Treatment Plant.

Detailed design of both these water and sewer projects is expected to be complete in late 2021, with construction scheduled to start late 2022.

HARMONY

As the Palmview area continues to grow, we are working on plans to provide essential utility services to people in this community, including constructing a new water main and reservoir at Tanawha. Detailed design is expected to be complete in late 2021.

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5

BETTER
AND SAFER
TOGETHER

Creating a healthy work experience

We will be better and safer together by creating a healthy work experience that ensures strong support for the health, safety and wellbeing of our valued team members every day.

PROUDLY INCLUSIVE

Unitywater made strong progress through the year towards achieving our diversity targets.

	Actual 2020-21	Target 2020-21
Female participation	38%	40%
Females in leadership	41%	46%
Age diversity – people under 35 years	20%	21%
Diversity of hire in key technical and trade pathways	54%	62%

Diversity and inclusion are important aspects of who we are. We are dedicated to creating a community grounded in respect, appreciation and celebration of individual differences. Our workplace is proud to embrace individuality, embedded in our One Team value. This year we have supported and celebrated many events centred around our diversity and inclusion values. These included International Men's Day, RUOK Day, White Ribbon Day, International Women's Day, National Reconciliation Week, International Day of People with Disability and Cultural Diversity Month.

GENDER PAY EQUITY

Unitywater continues to work to reduce our gender pay gap, which has been consistently below 5% since 2016. As at 30 June 2021, the overall pay gap was 4.7%, compared to an industry rate of 14.5% (Workplace Gender Equality Agency Electricity, Gas, Water and Waste Services 2020 benchmark).

PERFORMING AT OUR BEST

Unitywater continues to find ways to streamline processes and identify operational efficiencies to positively transform the working lives of our people. In November, we began to implement the first of many system upgrades as part of Program PERFORM to modernise our people, payroll, finance and procurement, training and development and performance planning systems. PERFORM represents the most significant investment in our people technologies in Unitywater's history.

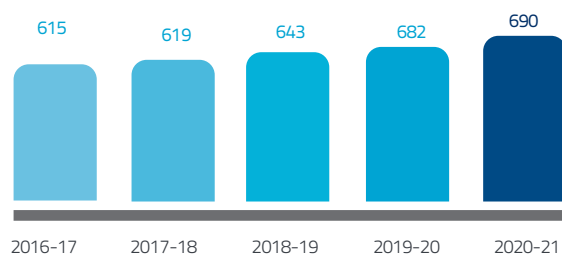
APPRENTICESHIP PROGRAM

This year we welcomed two First Nation apprentices to Unitywater who are working to become qualified Electricians. Joining our Mechanical and Electrical team, Unitywater will support them through their four-year Certificate III in Electrotechnology Electrician as well as provide practical experience from our talented workforce to become specialists in the electrical trade field.

TEAM MEMBER PROFILE

At the end of the financial year, Unitywater employed 690 full-time equivalent staff, with a broad range of professional, paraprofessional, technical and trades skills and competencies.

FULL-TIME EQUIVALENT EMPLOYEES



Creating a healthy work experience *continued*

GRADUATE DEVELOPMENT PROGRAM SUCCESSES

At Unitywater, we are passionate about bringing the brightest talent and fresh ideas into our business. Our Graduate Development Program is an opportunity for us to welcome new graduates each year, across a variety of disciplines. Unitywater is committed to supporting our 12 graduates currently in the program by helping them to work on innovative projects to solve real life challenges in our network, providing them mentoring and helping them to grow their professional and leadership skills by partnering with Engineers Australia. Recruitment for our 2022 program commenced in April, with a targeted approach for engineers driven to work in the water industry.

VACATION STUDENTS AND OTHER REGIONAL CAREER OPPORTUNITIES

Unitywater continues to empower outstanding and deserving students at the University of Sunshine Coast by awarding an Engineering Scholarship and Bright Future Scholarship. These scholarships financially assist students to complete their studies and forge their entry pathway at Unitywater through our summer vacation program.

Additionally, Unitywater offers university students the opportunity to work in our summer vacation program and receive 12 weeks of paid, real-world work experience.

WATER INDUSTRY WORKER CAREER PATHWAYS

Unitywater's Water Industry Worker (WIW) program gives our field-based essential workers access to nationally-recognised qualifications and the ability to grow their knowledge and skills in the water industry. There are five progression levels from entry level to frontline supervisor, and the program offers on-the-job training for a range of qualifications and licences. Unitywater continues to invest in this program, particularly to provide ongoing refresher training to ensure skills are up to date and to enable the transfer of invaluable knowledge from experienced, senior WIWs to those who are new to the industry.

INNOVATE RECONCILIATION ACTION PLAN

Our Reconciliation Action Plan (RAP) has initiated an internal network for Aboriginal and Torres Strait Islander team members to come together on a regular basis to get to know and support each other and to provide advice and input on RAP initiatives. Unitywater's RAP includes initiating a cultural learning and virtual yarning circle for key leaders, with plans to roll this training out to the whole organisation in 2021-22. Our leave policy also has been updated to allow for Aboriginal and Torres Strait Islander team members to access bereavement leave according to kinship rules. We are also currently in the process of developing an Aboriginal and Torres Strait Islander Employment, Retention and Professional Development Strategy.

EPMO – DEVELOPING OUR PROJECT MANAGEMENT CAPABILITY

This year we formed our Enterprise Portfolio Management Office (EPMO). The EPMO operates at a strategic level to provide enterprise-wide guidance for portfolio, program and project management, governance, tailored approaches, modern and contemporary tools and techniques necessary for the delivery of strategic goals through projects.

Our people go home safe every day

SAFELY ENABLING OUR ESSENTIAL WORKERS THROUGH COVID-19

Our people adapted well to working remotely last year, with a smooth transition back to working in the office in 2021. We have continued to offer flexibility to our people to allow working remotely days and our office environments are equipped with COVID-safe systems including distancing desks, hand sanitiser stations, and masks. We have implemented an easy-to-use mobile application for our people to allow desk booking at any of our working locations.

Informed by state and federal government guidelines, we continue to use our new work procedures and protocols to keep everyone safe. We have enabled safety protocols for our field workers and continued to share timely and relevant COVID-19 updates with all our people to keep them safe, connected and informed.

SAFE WHEN WORKING ALONE

People working alone often face higher risks to their safety and in our core business we understand that many of our people are required to work individually at times across the region at all hours of the day and night. In March we introduced a new app to our people to help team members stay safe when working alone. The "Safe When Working Alone" app will ensure our people's safety when isolated on a job, through timed sessions and the availability of a panic button to raise an instant alarm if needed. These alarms are responded to by our Control Room team.

CREATING BETTER TOGETHER

Creating Better Together, our organisation's cultural transformation program, has allowed us to better understand our current culture, particularly in relation to safety. In October 2020 Unitywater launched a series of learning programs for team members and leaders in the organisation to refresh our workplace culture and how we want to work together.

Lead to Shape is aimed at our leaders to help them create a culture based on trust, mateship and active care.

The Shape program is delivered through facilitated workshops that are designed to empower team members and leaders to take control of their safety.

- providing insight into the way our brain works, our thinking, our attitudes and values
- providing the tools to take control of our thinking and feelings to improve the results we get in our life, especially regarding safe outcomes.

COLLABORATIVE SAFETY IMPROVEMENT PLAN WITH CONTRACTORS

Through our Creating Better Together program, we are striving to create an organisation that is Better and Safer Together. Unitywater has made a significant change in its commitment to improving safety maturity to help strengthen the organisation's culture and improve safety performance - and this includes working collaboratively with our contracting partners.

In April we finalised our Collaborative Safety Management Improvement Plan (CSMIP) which was signed by our Unitywater Contractor Representatives. The plan identifies the safety initiatives, targets and performance indicators that will be established, monitored and reviewed across our operations.

It is an agreed initiative between Unitywater and its contracting partners to ensure all our team members go home safely at the end of every day.

Our people go home safe every day *continued*

ACTIVE RISK MANAGEMENT FRAMEWORK

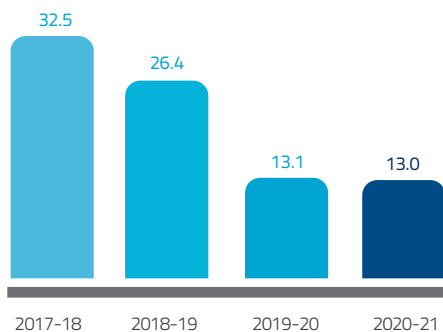
Unitywater’s risk management, including the associated framework used by the organisation, was nominated as a leading practice by Isle Utilities as part of the 2020 Water Services Association of Australia (WSAA) Asset Management Customer Value Benchmarking project.

The introduction of a risk management system and framework now provides project managers with a reference point when trying to identify and capture risks, issues and opportunities and also allows for streamlined, customised reports to be accessed by decision-makers.

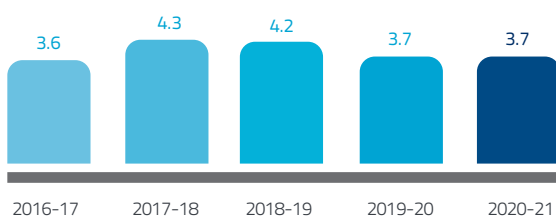
SAFETY

Unitywater is improving our safety culture through the Creating Better Together behavioural safety program (more on page 32). The program focuses on addressing safety attitudes and behaviours so that team members take personal accountability and become safety leaders shaping a more constructive culture of mateship at Unitywater.

TOTAL RECORDABLE INJURY FREQUENCY RATE per million hours worked



LOST TIME INJURY FREQUENCY RATE per million hours worked



OCCUPATIONAL HEALTH AND SAFETY ACCREDITATION

In early 2021, Unitywater successfully transitioned from its previous independently certified Occupational Health and Safety Management System (ISO 48001 : 2018) to the new international standard (ISO 45001 : 2018). The ISO 45001 : 2018 specifies requirements for an occupational health and safety management system to enable organisations to provide safe and healthy workplaces for its team members, contractors, visitors and others that can be impacted by its operations.

Following the audit process and successful transition, the auditors concluded that our organisation has established and maintained its management system in line with the requirements of the standards. The certification is through DQS Certification AUSNZ Pty Ltd.

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GOVERNANCE

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 AS/NZS ISO 31000: 2018 Risk Management – Principles and Guidelines.

CLIMATE AND VARIATION RISK

The ongoing impact of climate variation exposes Unitywater to a variety of risks relating to both the operation of our assets and the security of water supply. We have undertaken a range of programs and activities to ensure we are able to continue performing our functions.

These include a review of analysis of the 100-year inundation and water levels to identify Unitywater assets which may be affected by flood and rising sea levels, commencement of adaptive infrastructure planning, development of critical plans including Drought Management Plan, Emergency Response Plan, Business Continuity Plan, Water Matters Plan and Leakage Management Plan.

CYBER SECURITY RISK

Unitywater remains vigilant to the cyber security risks that are ever present in the world today. This year, we have undertaken a range of activities to strengthen the security of our information systems including upgrades and enhancements to network security, corporate firewalls and backup recovery environments as well as improvements to team member training, reporting and governance of security practices, policies and standards. Unitywater is continuing to invest in strengthening the security of information systems and information assets. A further cyber security program is in progress aligned to the Australian Cyber Security Centre's Essential 8 and the NIST Cyber Security Framework. This program will further improve the security of our information systems and information assets through training, identity and access management, policy and process, monitoring and reporting, information and data protection, and maintenance and vulnerability management.

Risk management and accountability *continued*

INTERNAL AUDIT

Unitywater has an internal audit function to provide assurance to the Board that our financial and operational controls manage our risks, achieve our objectives and that we operate in an efficient, effective and ethical manner and in accordance with the *Financial Accountability Act 2009*. Internal audit is undertaken by independent auditors who work to an annual strategic plan that has been approved by the Audit and Risk Committee and which aligns with the Internal Audit Charter and the Treasury's Audit Committee Guidelines. The annual strategic plan has regard for Unitywater's strategic risk profile, previous audits, industry insights and the Queensland Audit Office key focus areas.

In 2020-21 the internal auditors successfully completed audits identified in the annual plan. The internal audit function was conducted independently of management, and authorised auditors and the deployment of the program had due regard to Queensland Treasury's Audit Committee Guidelines.

EXTERNAL AUDIT

The Queensland Audit Office is Unitywater's external auditor under the terms of the *Financial Accountability Act 2009*. It is responsible for auditing Unitywater's financial statements (see the opinion at page 98).

No other government body has issued any other external scrutiny reports regarding our operations during the reporting period.

CODE OF CONDUCT

Code of Conduct aligns to the ethics principles and ethics values in the *Public Sector Ethics Act 1994*. Unitywater's Code of Conduct describes these principles in terms of the values that guide our behaviours and the way we treat each other. Unitywater is committed to creating and maintaining an environment which is professional, responsive, safe and free from any form of unlawful or inappropriate behaviour.

Code of Conduct training is provided to all new starters as part of their induction training and retraining is undertaken every two years. Unitywater will continue to ensure that its team members actively participate in all training concerning the Code of Conduct to ensure that these principles are instilled in all aspects of the organisation.

All Unitywater team members are responsible for implementing the Code of Conduct and ensuring that their behaviour reflects Unitywater's values and the standards of conduct described in the Code of Conduct. This includes in the use of Unitywater systems, tools and property.

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 www.data.qld.gov.au

Risk management and accountability *continued*

INFORMATION SYSTEMS AND RECORD KEEPING

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

All staff are aware of their records keeping responsibilities as documented in the Corporate Records Management Policy. Unitywater's records are managed by appropriately skilled staff supported by well documented policies and procedures.

Unitywater is continuing to improve its records management by digitising legacy physical records as part of our records management digitisation program. While all records created digitally are managed digitally throughout their life cycle, Unitywater's records disposal program uses approved retention schedules and records are destroyed in a secure and defensible manner.

Unitywater continues its commitment to quality information and records management by embedding information security management standards and protocols to mitigate risk and meet the challenge of evolving technologies, the increase of large, complex data sets and its obligations under the Public Records Act 2002, and the whole-of-government record governance policy and guidelines.

Unitywater's information systems are maintained, supported and monitored for system performance and any potential security breaches. Appropriate protocols are in place to manage and respond to unforeseen incidents.

HUMAN RIGHTS

We have undertaken a thorough review of our policies and procedures based on the Human Rights Act 2019. Training programs and information sessions were held across the business and new protocols made available to guide key decision makers. Since 1 January 2019, Unitywater's major contracts include Human Rights Act 2019 requirements. Non-compliances are reported to the Board on a quarterly basis as part of our compliance reporting. At 30 June 2021, Unitywater received two Human Rights complaints. Each of these complaints was investigated, and an explanation provided to each complainant.

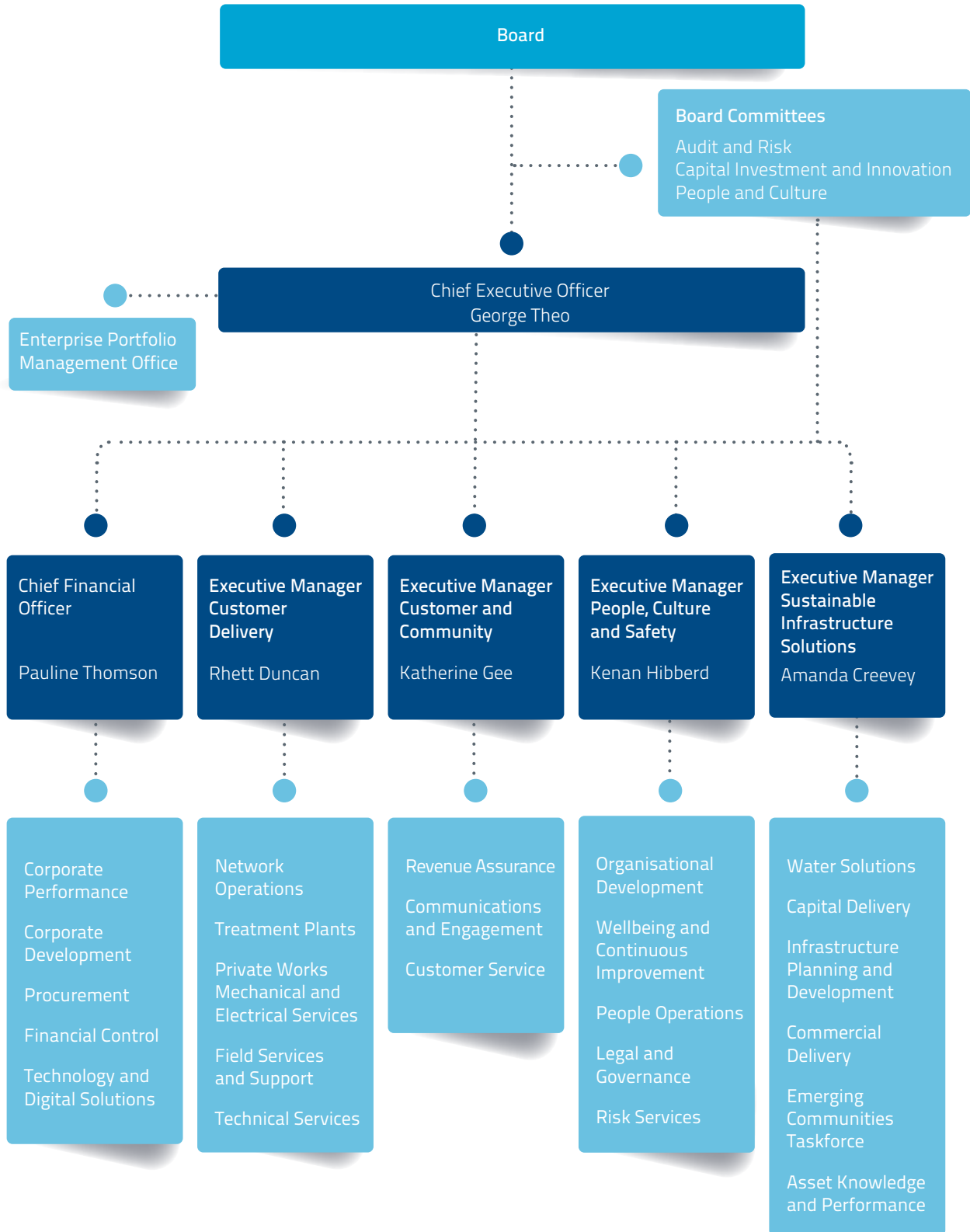
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OUR
STRUCTURE

Our organisational structure

AS AT 30 JUNE 2021



Our Board

Unitywater's independent skills-based Board guides our Executive Leadership Team to fulfil its vision to be a sustainable water and sewerage service provider that creates value for its customers and returns value for its stakeholders.

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.

MICHAEL ARNETT

BCom, LLB (Chairman from 1 Oct 2020)

Michael has significant experience in the corporate, commercial, mining and natural resources (including water), banking, finance and securities sectors. He was previously a Board member of Unitywater (from 2009 to 2012) and of Seqwater (from 2012 to 2019). Michael is the Chair of Genmin Limited and a Board member of, amongst others, NRW Holdings Limited and Queensland Energy Resources Limited.

MEGAN CORFIELD

BCom, BA (Econ), GAICD (Joined the Board in October 2020)

Megan is a strategic businesswoman and leadership coach with 25 years of executive and governance roles across utilities, sustainability, professional services, government, and major events. Megan serves on the boards of Altogether Group, Infracore and the Brisbane Grammar School and has previously served on the Tourism and Events Queensland, GOLDOC (Commonwealth Games Organising Committee) and Urbis Boards.

Megan has a proven record in delivering new business value from strategy development to operational execution, negotiating and integrating mergers and acquisitions and building high performance teams.

SARAH ZELJKO

LLB, GAICD, GAIST (Joined the Board in October 2020)

Sarah brings to Unitywater almost 20 years' of extensive executive, operational, governance and advisory experience. She is a non-executive director of Powerlink, Energy Super, Millovate, Stockyard Beef, LogiCamms and holds several advisory roles. She has a record of delivering revenue growth

in large corporations through developing and executing corporate strategy, negotiating commercial agreements, capital raising, M&A, construction, infrastructure and project management across complex multi-million dollar transactions.

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 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.

FIONA WATERHOUSE

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

Fiona is CEO of bioenergy developer Utilitas Group, one of the pioneers of the emerging industrial bioproducts 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.

Our Board *continued*

FORMER BOARD MEMBERS

JIM SOORLEY AM

BA (PSYCH), MA (ORG PSYCH)

Chairman – retired 30 September 2020

Jim was the founding Chairman of Unitywater, retiring in September 2020 after a decade in the role. Jim was Lord Mayor of Brisbane from 1991 to 2003. He is the Chairman of CS Energy and also served on the Board of resources company TerraCom as a non-executive director from 2017-2020.

SHARON DOYLE

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

Board Member – retired 30 September 2020

Sharon is the Executive Chair 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.

Our Board *continued*

As of 1 October 2020 the Sustainability and Innovation Committee (SIC) merged with Capital Works Committee (CWC) to create our Capital Investment and Innovation Committee (CIIC).

Committee	Chairperson	Members	Frequency of meeting
Audit and Risk	Megan Corfield	Sarah Zeljko, Michael Arnett	Quarterly
This 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.			
Capital Investment and Innovation	Michael Williamson	Michael Arnett, Fiona Waterhouse	Bi- Monthly
This committee reviews and oversees Unitywater's annual program of capital works while also providing direction on sustainable investment strategies and innovation that informs long-term sustainability goals.			
People and Culture	Fiona Waterhouse	Sarah Zeljko, Megan Corfield	Mar, Jun, Sept
This committee supports the Board by conducting detailed examination of Unitywater's annual corporate objectives and the remuneration framework for all our team members. It assists the Board to meet its decision-making obligations under the incentive framework for senior team members. The committee also provides oversight and direction on Unitywater's strategic workforce and culture transformation programs.			

BOARD MEETING ATTENDANCE 2020-21

Member	Board		ARC		PCC		CWC		SIC		CIIC	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Jim Soorley	3	3	-	-	1	1	1	1	1	0	-	-
Sharon Doyle	3	3	1	1	1	1	-	-	-	-	-	-
Michael Arnett	10	10	4	4	1	1	1	1	-	-	6	6
Mike Williamson	10	10	-	-	-	-	1	1	1	1	6	6
Fiona Waterhouse	10	10	1	1	2	2	-	-	1	1	6	6
Megan Corfield	7	7	3	3	2	2	-	-	-	-	-	-
Sarah Zeljko	7	7	3	3	2	2	-	-	-	-	-	-

Our 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 and water supply services.

GEORGE THEO

MBA (Bus), BEng (Civil), FIEAust, CPEng, NER APEC Engineer
IntPE (Aus), 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 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.

KENAN HIBBERD

BCom, FAHRI
EXECUTIVE MANAGER - PEOPLE, CULTURE AND SAFETY

Kenan has 30 years of experience in human resources and safety leadership in both public and private sectors. He has held senior management positions in national and international organisations in the industrial services, engineering, logistics and health sectors.

AMANDA CREEVEY

BA, Dip People Leadership, Dip Public Safety, GAICD
EXECUTIVE MANAGER -
SUSTAINABLE INFRASTRUCTURE SOLUTIONS

Amanda has 20 years' experience leading teams to deliver results and sustainable organisational change. She has held roles previously in the defence and transport sectors, with a focus on security intelligence, enterprise risk, project/program and portfolio management for capital works. A former officer in the Australian Army, Amanda is passionate about business transformation and capability development.

RHETT DUNCAN

BEng (Civil), MBA, GAICD
EXECUTIVE MANAGER - CUSTOMER DELIVERY

Rhett has more than 15 years' leadership experience at executive and general management levels. He is responsible for Unitywater's safe and efficient operation of the water supply and sewerage systems to provide reliable services to customers.

Rhett has previously worked in Waste Management, Transport Infrastructure and Construction Materials and led teams in challenging and changing business environments.

KATHERINE GEE

BBus (Acc), LLB, CA, GAICD
EXECUTIVE MANAGER - CUSTOMER AND COMMUNITY

Throughout her extensive experience in both the private and public sector, Katherine has gained deep insight into the needs of customers and the community. Her roles in telecommunications, local government and the water industry have included implementing major customer management systems, transforming customer experience and delivering organisational change.

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ANNUAL
FINANCIAL
REPORT

Annual Financial Report

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KEY



Judgements and estimates



Risks



COVID-19 impacts



Climate change impacts



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 the Unitywater Group (the Group) for the financial year ended 30 June 2021.

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:

- i. Michael Arnett – Chairman (appointed Chairman 1 October 2020)
- ii. Jim Soorley – Chairman (ceased 30 September 2020)
- iii. Sharon Doyle (ceased 30 September 2020)
- iv. Mike Williamson
- v. Fiona Waterhouse
- vi. Megan Corfield (appointed 1 October 2020)
- vii. Sarah Zeljko (appointed 1 October 2020)

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 Our Board section of the Unitywater Annual Report 2020-21 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 the Group after providing for income tax expense, amounted to \$138,578,500 (2020: \$143,410,500).

REVIEW OF OPERATIONS

A review of the Group's operations during the financial year and the results of those operations are contained in the Unitywater Annual Report 2020-21.

COVID-19

The world-wide economy continues to be significantly impacted by the COVID-19 virus. In acknowledgement of this uncertain time and the difficulties our customers may be facing, Unitywater offered a number of relief initiatives for both our residential and business customers. As a financially responsible statutory body with a robust Statement of Financial Position, Unitywater is equipped to support the community in this way whilst still meeting its current and future financial obligations.

CLIMATE CHANGE

Unitywater has developed a number of plans and is in the process of developing further plans in response to the impact of climate change. Potential impacts on the Group are outlined in Note 1.2.8. Further information can be found in the body of the Annual Report under Climate and variation within the Risk management and accountability section.

Board Members' Report

EVENTS AFTER THE REPORTING PERIOD

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

FUTURE DEVELOPMENTS

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

ENVIRONMENTAL REGULATIONS

The Group'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. The Group 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.

SAFETY COMPLIANCE

Unitywater's operations are subject to Workplace Health and Safety legislation. The Board maintains oversight of key safety risks and obligations and is committed to keeping our people free from harm. Unitywater undertakes key programs of work to address key and emerging risks, and to continuously improve the organisation's safety management system. These programs include improving our safety culture through personal and collaborative responsibility for safety. This extends to our service delivery partners (contractors) where we developed a Collaborative Safety Agreement to drive common standards and improvements. Unitywater is accredited to ISO standard 45001 for management systems of occupational health and safety, with the goal of reducing injuries, diseases and protecting physical and mental health. The organisation does this through the provision of comprehensive health monitoring, health support and employee assistance programs that are delivered in conjunction with external partners. The Board monitors the organisation's health and safety performance including progress on initiatives, emerging risks and incident trends.

PARTICIPATION RETURNS

Participation returns paid or declared by Unitywater during the 2021 financial year were:

	Total amount 2021 \$'000	Total amount 2020 \$'000
Final participation return	35,190	32,848

Refer to Note 5.2 of the consolidated financial statements for details of participation returns paid or payable.

Board Members' Report

REMUNERATION AND OTHER INTERESTS OF BOARD MEMBERS AND EXECUTIVES

Note 3.3 of the consolidated financial statements provides details of Board members' and executives' remuneration. Between 1 July 2020 and 30 June 2021, no Board member has received or become entitled to receive a benefit, other than as disclosed in that note. Any other interests Board members or executives have in Group transactions are outlined in Note 8.3 of the consolidated financial statements.

INDEMNIFICATION OF BOARD MEMBERS AND OFFICERS

Indemnification of Board members of Unitywater

Unitywater has agreed to indemnify Michael Arnett, Mike Williamson, Fiona Waterhouse, Megan Corfield and Sarah Zeljko, 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* and regulations.

Indemnification of Board members of Unitywater Group and officers appointed to boards and committees

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

- i. 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.
- ii. Other officers appointed to boards, directorships 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 2021 were:

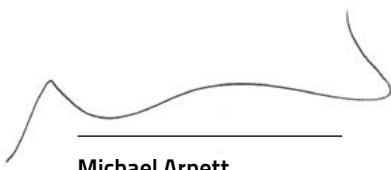
Board Member	Board meetings		Committee meetings									
	A	E	Audit and Risk		People and Culture		Sustainability and Innovation ¹		Capital Works ¹		Capital Investment and Innovation ¹	
(A)ttended / (E)ligible	A	E	A	E	A	E	A	E	A	E	A	E
Michael Arnett – Chairman ²	10	10	4	4	1	1	-	-	1	1	6	6
Jim Soorley – Chairman ²	3	3	-	-	1	1	-	1	1	1	-	-
Sharon Doyle ²	3	3	1	1	1	1	-	-	-	-	-	-
Mike Williamson	10	10	-	-	-	-	1	1	1	1	6	6
Fiona Waterhouse	10	10	1	1	2	2	1	1	-	-	6	6
Megan Corfield ²	7	7	3	3	2	2	-	-	-	-	-	-
Sarah Zeljko ²	7	7	3	3	2	2	-	-	-	-	-	-

¹ The Capital Works Committee combined with the Sustainability and Innovation Committee to form the Capital Investment and Innovation Committee in October 2020.

² As outlined at the beginning of the report, a number of Board Members were appointed or ceased to serve during the year. The eligible meetings above represent the number held while the Board Member was in office and eligible to attend.

ROUNDING OF AMOUNTS

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



Michael Arnett

Chairman
Unitywater
19 August 2021
Caboolture, Queensland

Consolidated Statement of Profit or Loss

for the year ended 30 June 2021

	Notes	2021 \$'000	2020 ¹ \$'000
Revenue			
Utility charges	2.1	581,200	578,791
Developer contributions	2.2	113,410	123,257
Other revenue	2.3	29,220	28,021
Total revenue		723,830	730,069
Expenses			
Bulk water purchases	2.4	(204,560)	(205,058)
Supplies and services	2.5	(84,801)	(82,893)
Employee expenses	3.1	(73,033)	(71,870)
Depreciation and amortisation	4.1, 4.2, 4.3	(90,830)	(83,927)
Borrowing costs	5.8	(64,693)	(70,264)
Other expenses	2.6	(7,997)	(11,308)
Total expenses		(525,914)	(525,320)
Profit before income tax expense		197,916	204,749
Income tax expense	7.1	(59,338)	(61,339)
Profit for the year		138,578	143,410

¹Comparatives restated (see Note 1.2.7).

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

Consolidated Statement of Financial Position

as at 30 June 2021

	Notes	2021 \$'000	2020 ¹ \$'000
Current assets			
Cash and cash equivalents	5.3	135,173	102,162
Trade and other receivables	5.4	140,436	164,862
Other assets	8.1	8,720	7,985
Total current assets		284,329	275,009
Non-current assets			
Trade and other receivables	5.4	1,233	1,247
Property, plant and equipment	4.1	3,847,397	3,733,103
Intangible assets	4.2	44,130	31,890
Right of use assets	4.3	6,024	8,178
Other assets	8.1	10,239	3,970
Total non-current assets		3,909,023	3,778,388
Total assets		4,193,352	4,053,397
Current liabilities			
Trade and other payables	5.6	103,741	87,966
Contract liabilities	5.5	31,495	24,043
Employee benefits provision	3.4	21,019	21,239
Lease liabilities	5.7	2,258	2,224
Other liabilities	8.2	1,062	1,344
Total current liabilities		159,575	136,816
Non-current liabilities			
Contract liabilities	5.5	1,000	1,000
Employee benefits provision	3.4	1,832	1,584
Lease liabilities	5.7	4,727	7,201
Borrowings	5.8	1,557,652	1,557,652
Deferred tax liabilities	7.1	207,621	191,587
Other liabilities	8.2	582	582
Total non-current liabilities		1,773,414	1,759,606
Total liabilities		1,932,989	1,896,422
Net assets		2,260,363	2,156,975
Equity			
Contributed equity	5.2	1,434,782	1,434,782
Retained earnings		825,581	722,193
Total equity		2,260,363	2,156,975

¹Comparatives restated (see Note 1.2.7).

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

	Notes	Retained earnings \$'000	Contributed equity \$'000	Total \$'000
Balance at 30 June 2019¹		602,892	1,434,782	2,037,674
Adjustment on initial application of AASB 16 <i>Leases</i> , net of tax		(1,443)	-	(1,443)
Developer contributions - donated assets adjustment, net of tax	4.1	10,182	-	10,182
Restated balance at 1 July 2019		611,631	1,434,782	2,046,413
Total distribution to participants	5.2	(32,848)	-	(32,848)
Profit for the year		143,410	-	143,410
Balance at 30 June 2020¹		722,193	1,434,782	2,156,975
Total distribution to participants	5.2	(35,190)	-	(35,190)
Profit for the year		138,578	-	138,578
Balance at 30 June 2021		825,581	1,434,782	2,260,363

¹Comparatives restated (see Note 1.2.7).

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2021

	Notes	2021 Inflow / (Outflow) \$'000	2020 ¹ Inflow / (Outflow) \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		631,651	562,181
Developer contributions		61,857	55,443
Government grants and subsidies		3,583	3,799
Interest received		906	2,905
Goods and services tax refunded (net)		21,983	22,630
Payments to suppliers (inclusive of GST)		(304,771)	(305,760)
Payments to employees		(73,067)	(74,163)
Borrowing costs		(65,951)	(71,366)
Income tax payments		(37,227)	(38,591)
Net cash inflow from operating activities	5.3	238,964	157,078
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		836	2,438
Payments for property, plant and equipment and intangibles		(160,060)	(160,305)
Payment for investment in associate		(6,274)	-
Net cash (outflow) from investing activities		(165,498)	(157,867)
Cash flows from financing activities			
Proceeds from borrowings (Queensland Treasury Corporation)		95,821	87,021
Proceeds from lease liabilities		22	94
Repayments of lease liabilities		(2,462)	(2,099)
Repayments of borrowings		(95,821)	(87,021)
Participation return payments		(38,015)	(34,428)
Net cash (outflow) from financing activities		(40,455)	(36,433)
Net increase / (decrease) in cash and cash equivalents		33,011	(37,222)
Cash and cash equivalents at the beginning of the year		102,162	139,384
Cash and cash equivalents at the end of the year	5.3	135,173	102,162

¹Comparatives restated (see Note 1.2.7).

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

1 About this financial report

1.1 REPORTING AUTHORITY

The Northern SEQ Distributor-Retailer Authority trading as 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* (the Participation Agreement) and the Restructuring Act on behalf of its three participating Councils, Moreton Bay Regional Council, Sunshine Coast Council and Noosa Council (the participants).

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 for the purpose of reporting and is required to provide commercial returns to its participants per the Participation Agreement based on each participant's share of the Regulated Asset Base, comprising debt and participation rights as agreed by the Participating Councils and Unitywater. Refer to Note 5.2 for participation rights allocation.

Unitywater's primary function is the provision of water and sewerage services for its geographic area as set out in Section 11(1) of the Restructuring Act.

1.2 BASIS OF PREPARATION

1.2.1 Basis of consolidation

The Group financial statements comprise the audited general purpose financial statements of Unitywater and the subsidiaries it controls (see Note 8.4), for the year ended 30 June 2021. Each member of the group uses the same reporting period and accounting policies. All material intra-group transactions and balances are eliminated on consolidation. Subsidiaries are consolidated from the date control commences, to the date it ceases.

1.2.2 Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with:

- i. Applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB)
- ii. The *Financial Accountability Act 2009*
- iii. The *Financial and Performance Management Standard 2019*
- 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 consolidated financial statements were authorised for issue by the Board on 18 August 2021.

1 About this financial report

1.2 BASIS OF PREPARATION

1.2.3 Measurement basis

These consolidated financial statements have been prepared on an historical cost basis using the going concern assumption.



The Group has reviewed its ongoing operations in the light of COVID-19 and remains confident that application of the going concern assumption is appropriate.

Additionally, fair value is used for other measurement purposes. 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 Notes 2.2, 4.1, 4.4 and 6.1.

1.2.4 Classification as Current or Non-current

An asset or liability is current if the Group expects to realise or settle it within twelve months of the reporting period.

In addition, cash or cash equivalents, and liabilities which the Group does not have the unconditional right to defer for at least twelve months after the reporting period, are considered current.

All other assets and liabilities are classified as non-current.

1.2.5 Presentation currency

These consolidated financial statements are presented in Australian dollars. Amounts included in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated.

1.2.6 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 Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows 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 About this financial report

1.2 BASIS OF PREPARATION

1.2.7 Comparatives

Comparative information has been restated as follows:

- i. Unitywater Group is now preparing consolidated financial statements comprising all its controlled entities as, from a qualitative perspective, this information is considered useful to stakeholders.
- ii. The Group identified \$6.2M during the year relating to Intangible Work in progress incorrectly classified as Property, plant and equipment Work in progress in 2020. This has been corrected in 2021 by restating each of the affected financial statement line items for prior periods.
- iii. Adjustments have been made to lease straight-lining in accordance with the requirements of AASB16 *Leases*.

	Reference	As previously reported \$'000	Adjustments \$'000	As restated \$'000
Consolidated Statement of Profit or Loss				
Other revenue	i, iii	(27,998)	(23)	(28,021)
Income tax expense	i, iii	61,332	7	61,339
Consolidated Statement of Financial Position				
Trade and other receivables - current	iii	164,898	(36)	164,862
Trade and other receivables - non-current	i, iii	1,807	(560)	1,247
Property, plant and equipment	ii	3,739,276	(6,173)	3,733,103
Intangible assets	ii	25,717	6,173	31,890
Other assets - non-current	i	2,284	1,686	3,970
Deferred tax liabilities	i, iii	(191,260)	(327)	(191,587)
Retained earnings	i, iii	(721,430)	(763)	(722,193)
Consolidated Statement of Cashflows				
Operating activities - interest received	i, iii	2,882	23	2,905
Investing activities - loan to controlled entity	i	(57)	57	-

1 About this financial report

1.2 BASIS OF PREPARATION

1.2.7 Comparatives



Use of estimates and judgements

The preparation of consolidated 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 consolidated financial statements are described in the following notes:

- Note 1.2 Basis of preparation
- Note 2.1 Utility charges
- Note 2.2 Developer contributions
- Note 2.4 Bulk water purchases
- Note 3.4 Employee benefits provision
- Note 4.1 Property, plant and equipment
- Note 4.2 Intangible assets
- Note 4.3 Right of use assets
- Note 4.4 Impairment
- Note 5.4 Trade and other receivables
- Note 5.7 Lease liabilities
- Note 6.3 Contingencies
- Note 7.1 Income tax

1 About this financial report

1.2 BASIS OF PREPARATION

1.2.8 Climate change



Unitywater continues to develop its assessment of the emerging climate-related risks and opportunities that impact the business. Risks include climate extremes such as floods, droughts, heatwaves, bushfires and tide inundation.

Unitywater assesses the potential impact of the physical risks of climate change in line with Unitywater's Risk Management Framework, through the development of critical plans, including the Drought Management Plan, Emergency Response Plan, Business Continuity Plan, and Water Matters Plan. In limited circumstances, where proposed responses to risks identified in the critical plans are sufficiently mature, they have been incorporated into the forecast cash flows of Unitywater's assets.

During the year, Unitywater developed the Sustainability Pathway which focuses on the development of overarching sustainability goals and strategies to reduce our energy consumption and carbon footprint, and to improve the health of our waterways. The projects to support the Sustainability Pathway are not yet sufficiently mature to be incorporated into the forecast cash flows of Unitywater's assets.

If new risks are identified as part of ongoing climate-related assessment, Unitywater will continue to monitor and assess the impacts as they relate to financial results and the carrying values of assets and liabilities.

1.2.9 COVID-19

The COVID-19 pandemic has had a significant impact on both the Australian and global economy this year. It has had less of an impact on Unitywater's financial position and performance to date. Management currently has a response plan in place including a dedicated COVID-19 response team to co-ordinate communications, liaise with government, establish protocols, review processes requiring adjustment and monitor the situation. Unitywater will continue to review and assess the ongoing development, impacts on financial performance, financial position and cash flows, and respond accordingly.



More specific information on Unitywater's response to COVID-19 from a financial perspective is outlined in the following notes:

- Note 1.2 Basis of preparation
- Note 2.2 Developer contributions
- Note 2.5 Supplies and services
- Note 3.1 Employee expenses
- Note 3.2 Superannuation
- Note 4.4 Impairment
- Note 5.4 Trade and other receivables
- Note 6.1 Financial risk framework
- Note 8.1 Other assets

2 Our performance

This section gives further insight into the financial performance of Unitywater by providing details of Unitywater's earnings and costs.

2.1 UTILITY CHARGES

	2021 \$'000	2020 \$'000
Revenue from contracts with customers		
Water access charges	107,189	105,737
Water volumetric charges	234,685	237,101
Sewerage access charges	200,511	197,391
Sewerage volumetric charges	38,815	38,562
Total utility charges	581,200	578,791

Utility revenue comprises variable usage (volumetric) and fixed access charges for the provision of water and sewerage services. It is recognised at the time of supply and customer consumption. Unitywater's performance obligations are met over time as the customer simultaneously receives and consumes the services provided (access to the network and provision of water and sewerage services). Revenue is measured at the price allocated to each service, whether it be access or usage.



Estimation of consumption - Unitywater estimates customer consumption where customer water meters are unread at reporting date. Volumetric estimates are based on historical usage patterns (including consideration of bulk water purchases). Access charge accruals are based upon each customers' access fees for the number of days from the last billing period to the end of the reporting period.

2.2 DEVELOPER CONTRIBUTIONS

	2021 \$'000	2020 \$'000
Revenue from contracts with customers		
Developer contributions – donated assets	54,723	67,755
Developer contributions – cash	58,687	55,502
Total developer contributions	113,410	123,257

Unitywater finances part of its capital works infrastructure program through cash contributions from developers. Contributions are also received in the form of donated assets. Cash contributions and donated assets are recognised at a point in time, when network capacity is made available to the developer. This is evidenced by the developer receiving the right to connect to the infrastructure network. Approval to connect constitutes fulfilment of Unitywater's performance obligation in relation to revenue being recognised. Where approval to connect is yet to be given, contributions are shown as a contract liability (refer to Note 5.5 Contract liabilities).



Estimation of developer contributions (donated assets) - The fair value of donated assets is estimated as: the amount that it would cost Unitywater to have the asset constructed (by applying standard market rates by unit), or the total market value of similar assets. This represents the amount recognised as developer contributions – donated assets.

2 Our performance

2.2 DEVELOPER CONTRIBUTIONS



There has not been a slow down in development activity due to uncertainty around the effects of the COVID-19 pandemic. In fact, there has been an increase in the volume of development applications, largely attributable to government initiatives e.g. HomeBuilder, which has resulted in an increase in developer cash contributions received not yet recognised as revenue, see Note 5.5 Contract liabilities.

2.3 OTHER REVENUE

	2021 \$'000	2020 ¹ \$'000
Revenue from contracts with customers		
Fees and charges	9,643	8,827
Private works	12,366	9,917
Other	335	332
	22,344	19,076
Other revenue		
Grants and subsidies	3,583	3,799
Interest	878	2,668
Other	2,415	2,478
	6,876	8,945
Total other revenue	29,220	28,021

¹Comparatives restated (see Note 1.2.7).

2.4 BULK WATER PURCHASES

	2021 \$'000	2020 \$'000
Bulk water purchases	204,560	205,058
Total bulk water purchases	204,560	205,058

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



Estimation of bulk water purchases – Unitywater estimates bulk water purchases where bulk water meters are unread at reporting date. Year-end estimates are provided by region, are typically for a short period of between 3 and 14 days, and are based on recent usage patterns for the region. The expense is measured at the estimated volume multiplied by the region-specific price.

2 Our performance

2.5 SUPPLIES AND SERVICES

	2021 \$'000	2020 \$'000
Materials and services	82,648	80,920
Consultants and legal fees	1,195	1,146
Other supplies and consumables	958	827
Total supplies and services	84,801	82,893

Supplies and services generally represent the day-to-day running costs incurred in normal operations. They are expensed in the reporting period in which they are incurred.

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



As a result of COVID-19, Unitywater has experienced some delays in supply chains and incurring additional incremental operating costs such as information technology data expenses to support remote working and customer communications, preparing offices for COVID-19 measures e.g. social distancing, cleaning and sanitisation. Unitywater has however, managed to mitigate their impact on the overall performance of the entity.

2.6 OTHER EXPENSES

	2021 \$'000	2020 \$'000
Insurance	1,615	1,244
Audit fees (internal and external) ¹	690	589
Adjustment of expected credit losses	(30)	74
Indirect tax expenses	2,306	2,261
Loss on disposal of property, plant and equipment	2,807	6,210
Other	609	930
Total other expenses	7,997	11,308

¹Total external audit fees quoted by the Queensland Audit Office (QAO) relating to the 2021 consolidated financial statements are estimated to be \$251,130 (2020: \$251,130). There are no non-audit services included in this amount.

2 Our performance

2.7 FINANCIAL SUSTAINABILITY

2.7.1 Financial sustainability ratios

The Group seeks to ensure it remains financially sustainable by ensuring that we can meet our financial obligations both current and future, managing and operating our water and sewerage infrastructure in order to meet our customer service obligations, environmental licence conditions and requirements for water quality, and by working to deliver our services to our customers at the lowest cost.

The following ratios reflect measures of financial sustainability and enable comparison with other water sector entities:

- i. Operating ratio – Operating profit before income tax expense expressed as a proportion of total revenue. Ongoing positive results are one factor which indicate that sufficient revenue is being generated to fund operating and future capital expenditure.
- ii. Capital replenishment ratio – Capital expenditure on construction or replacement of non-current assets divided by depreciation expense on non-current assets. An average above one, over time, indicates that assets are being built or replaced at or above the rate the non-current asset base is being depreciated.
- iii. Debt to revenue ratio – Total loans and borrowings divided by total revenue. This indicates the ability to pay principal and interest on borrowings when they fall due, from the funds generated through operations. Based on an optimal gearing ratio of 60%, the benchmark for a water utility debt to revenue ratio would be no more than 3 times.

The results have been disclosed for the current and comparative year as below:

	2021	2020
Financial sustainability metrics		
Operating ratio	27%	28%
Capital replenishment ratio	x 2.4	x 2.6
Debt to revenue ratio	x 2.2	x 2.1

3 Our team

This section provides details of the costs of our employees, including key management personnel, and outlines our related obligations for employee benefits.

3.1 EMPLOYEE EXPENSES

	2021 \$'000	2020 ¹ \$'000
Employee benefits		
Salaries and wages	79,660	73,713
Employer superannuation contribution	7,743	7,586
Other employee benefits	588	516
	87,991	81,815
Employee related expenses		
Payroll tax	4,181	4,021
Workers compensation premium	878	1,126
Training	815	1,238
Recruitment	440	568
Other employee expenses	596	796
	6,910	7,749
Less allocations to capital expenditure	(21,868)	(17,694)
Total employee expenses	73,033	71,870

¹ The presentation of the employee expenses table has been updated for both the current year and prior year comparatives to reflect gross employee expenses and an additional line added to reflect the allocation of such costs to capital expenditure.

Employee expenses include costs related to employment. Other employee benefits include directors' fees and redundancy payments. Other employee related expenses include fringe benefits tax, conferences and seminars and employee health expenses. They are expensed in the period in which they are incurred unless they are directly attributable to capital projects in which case they are capitalised and depreciated over the life of the asset.



Unitywater continues to support staff in its response to COVID-19 with a focus on keeping employees connected, and ensuring their safety in the delivery of services across the region.

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:

	2021	2020
Number of employees	690	682

3 Our team

3.2 SUPERANNUATION

Unitywater contributes to the Local Government Superannuation Scheme Qld (LGIAsuper) for employees under both a defined benefit scheme and an 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.

A merger between LGIAsuper and Energy Super took place on 1 July 2021. The merger will see the two funds continue to operate under their existing brands within LGIAsuper. LGIAsuper also recently announced the planned acquisition of Suncorp's superannuation business, Suncorp Portfolio Services Ltd (SPSL). The expected completion date for the transaction is the second half of the 2022 financial year.

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 pooled defined benefit plan and it is not in accordance with the deed to allocate obligations, plan assets and costs at the entity level.

Any amount by which the scheme is over or under funded may affect future contribution rate obligations, but has not been recognised as an asset or liability of Unitywater.

Unitywater may 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 as required under Superannuation Prudential Standard 160 was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The measure of vested benefits represents the value of benefit entitlements should all participating employees voluntarily exit the scheme. 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 (including the impact of COVID-19).



COVID-19 has introduced more uncertainty into investment markets however the actuary for LGIA does not have any concerns regarding the financial position of the scheme and its sufficiency to cover defined benefit obligations at 30 June 2021.

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

The next triennial actuarial review is not due until 1 July 2021.

3 Our team

3.2 SUPERANNUATION



Superannuation risks – 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.

Legislative risk – The risk that the cost of providing the benefits will increase as a result of changes to legislation.

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

	2021 \$'000	2020 \$'000
Superannuation plan		
Regional Defined Benefit Fund – LGIASuper	416	494
Accumulation Benefit Fund – LGIASuper	4,702	4,833
Other defined contribution funds	2,625	2,259
Total superannuation contributions	7,743	7,586

3.3 KEY MANAGEMENT PERSONNEL

3.3.1 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:

	2021 \$	2020 \$
Remuneration		
Michael Arnett	112,370	51,951
Jim Soorley	31,228	124,912
Sharon Doyle	15,898	63,591
Mike Williamson	65,149	63,591
Fiona Waterhouse	63,179	63,591
Barry Casson	-	15,898
Megan Corfield	48,728	-
Sarah Zeljko	48,728	-
Total board members' remuneration	385,280	383,534

3 Our team

3.3 KEY MANAGEMENT PERSONNEL

3.3.2 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 the Group 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 Group as well as ensuring the successful delivery of the Group's strategic direction.
Chief Financial Officer	Responsible for managing corporate strategy, new business investment strategy, corporate performance, financial reporting, tax, treasury, procurement, pricing 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, testing and assurance, and development services of Unitywater.
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, pumping stations and sewage treatment plants of Unitywater as well as fleet operation, stores and non-regulated private works revenue.
Executive Manager Customer and Community	Responsible for ensuring Unitywater'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 and Safety	Responsible for workforce strategy, safety, environmental compliance, quality systems, workplace relations, human resources practices, policies and procedures of Unitywater, risk management and legal and governance.

3 Our team

3.3 KEY MANAGEMENT PERSONNEL

3.3.3 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:

- i. Short-term employee benefits:
 - 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.
 - Non-monetary benefits relate to allocated parking spaces provided for the executive team.
- ii. Post-employment benefits consist of superannuation contributions.
- iii. Long term employee benefits represent long service leave entitlements paid and provided for.
- iv. Termination benefits consist of additional payments made on termination of employment, such as severance packages.

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 and documented organisational, business unit and individual performance targets as agreed by the Board and the Chief Executive Officer. Performance payments require endorsement by the People and Culture 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 reward 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 People and Culture Committee and approved by the Board.

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.

3 Our team

3.3 KEY MANAGEMENT PERSONNEL

3.3.3 Remuneration for key executive management personnel

Remuneration for key executive management personnel comprises the following components:

1 July 2020 - 30 June 2021

Position	Short term benefits		Post employment benefits	Long term employment benefits	Total remuneration
	Monetary	Non-monetary			
	\$	\$	\$	\$	\$
Chief Executive Officer	501,504	5,500	20,994	30,229	558,227
Chief Financial Officer	364,120	5,500	20,904	20,714	411,238
Executive Manager Sustainable Infrastructure Solutions	309,826	5,500	20,722	4,956	341,004
Executive Manager Customer Delivery	306,663	5,500	21,694	4,311	338,168
Executive Manager Customer and Community	274,160	5,500	21,392	18,002	319,054
Executive Manager People, Culture and Safety	292,388	5,500	20,904	11,992	330,784
Total remuneration	2,048,661	33,000	126,610	90,204	2,298,475

1 July 2019 - 30 June 2020

Position	Short term benefits		Post employment benefits	Long term employment benefits	Total remuneration
	Monetary	Non-monetary			
	\$	\$	\$	\$	\$
Chief Executive Officer	554,333	5,500	21,003	48,809	629,645
Chief Financial Officer	421,154	5,500	21,003	35,483	483,140
Executive Manager Sustainable Infrastructure Solutions (acting 1 July 2019 - 7 July 2019, appointed 8 July 2019)	314,956	5,500	21,003	5,277	346,736
Executive Manager Customer Delivery (15 July 2019 - 30 June 2020)	294,189	5,500	21,003	2,753	323,445
Executive Manager Customer and Community	304,131	5,500	21,003	18,634	349,268
Executive Manager People, Culture and Safety	321,029	5,500	21,003	28,149	375,681
Total remuneration	2,209,792	33,000	126,018	139,105	2,507,915

3.3.4 Performance payments

Individual performance payments are based upon achievement of corporate, business unit and individual targets. The performance assessment process occurs after the end of the financial year when performance reviews are completed and endorsed by the People and Culture Committee and approved by the Board. Payment of performance bonuses then occurs in the year following actual performance. No performance bonuses were paid to key executive management personnel this financial year.

	2021	2020
	\$	\$
Performance payments paid	-	168,101

3 Our team

3.4 EMPLOYEE BENEFITS PROVISION

	2021 \$'000	2020 \$'000
Current		
Accrued salaries and wages	2,449	4,857
Annual leave liability	6,677	6,435
Long service leave liability	11,744	9,746
Leave in lieu liability	149	201
Total current employee benefits provision	21,019	21,239
Non-current		
Long service leave liability	1,832	1,584
Total non-current employee benefits provision	1,832	1,584

A liability is recognised for benefits accruing to employees for salaries and wages, annual leave, leave in lieu and long service leave up to the reporting date when it is probable that settlement will be required, and the liability is capable of being measured reliably. Employee benefits are recognised as a current liability where Unitywater does not have an unconditional right to defer settlement of these liabilities.

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' service 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 payment eligibility 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, staff retention and periods of service.



Leave provision estimations – Expected future payments relating to such leave is discounted using corporate bond market yield at the reporting date.

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.

4 Our assets

This section outlines the key assets we use to support delivery of our water and sewerage services.

4.1 PROPERTY, PLANT AND EQUIPMENT

4.1.1 Movement in carrying amounts

	Land \$'000	Buildings \$'000	Infrastructure \$'000	Plant and equipment \$'000	Work in progress ¹ \$'000	Total \$'000
Cost	56,021	16,480	3,962,531	69,498	154,323	4,258,853
Developer contributions - donated assets adjustment ³	-	-	14,546	-	-	14,546
Less accumulated depreciation ²	-	(2,042)	(628,228)	(25,564)	-	(655,834)
Net book value at 1 July 2019	56,021	14,438	3,348,849	43,934	154,323	3,617,565
Additions	-	-	-	-	135,900	135,900
Transfers between classes	-	306	(306)	-	-	-
Transfers from assets held for sale	334	-	-	-	-	334
Transfers to investment property	(2,284)	-	-	-	-	(2,284)
Transfers from work in progress	1,415	-	118,356	3,691	(123,462)	-
Donated assets	-	-	68,300	-	-	68,300
Disposals	(1,629)	-	(6,182)	(743)	-	(8,554)
Depreciation						
Depreciation expensed	-	(269)	(71,929)	(5,329)	-	(77,527)
Depreciation capitalised	-	(41)	(41)	(549)	-	(631)
Net book value at 30 June 2020	53,857	14,434	3,457,047	41,004	166,761	3,733,103
Cost	53,857	16,786	4,152,648	69,591	166,761	4,459,643
Less accumulated depreciation ²	-	(2,352)	(695,601)	(28,587)	-	(726,540)
Net book value at 30 June 2020	53,857	14,434	3,457,047	41,004	166,761	3,733,103
Additions	-	-	-	-	144,922	144,922
Transfers from investment property	5	-	-	-	-	5
Transfers from work in progress	872	625	143,097	5,145	(149,739)	-
Donated assets	-	4	57,458	56	-	57,518
Disposals	-	-	(2,669)	(974)	-	(3,643)
Depreciation						
Depreciation expensed	-	(277)	(78,119)	(5,432)	-	(83,828)
Depreciation capitalised	-	(42)	(42)	(596)	-	(680)
Net book value at 30 June 2021	54,734	14,744	3,576,772	39,203	161,944	3,847,397
Cost	54,734	17,458	4,342,662	68,822	161,944	4,645,620
Less accumulated depreciation ²	-	(2,714)	(765,890)	(29,619)	-	(798,223)
Net book value at 30 June 2021	54,734	14,744	3,576,772	39,203	161,944	3,847,397

¹ Comparatives restated (see Note 1.2.7).

² Including accumulated impairment losses/reversals.

³ During the 2020 financial year donated assets recognised with a value of \$14,545,751 were identified as having been accepted on maintenance in prior periods but not previously recognised within property, plant and equipment nor as developer contributions revenue. An adjustment of \$10,182,026 to reflect this balance net of tax of \$4,363,725 was booked against retained earnings on 1 July 2019. The tax impact is shown in Note 7.1.

4 Our assets

4.1 PROPERTY, PLANT AND EQUIPMENT

4.1.1 Movement in carrying amounts

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.

4 Our assets

4.1 PROPERTY, PLANT AND EQUIPMENT

4.1.1 Movement in carrying amounts



Estimation of donated property, plant and equipment – The initial value of donated assets is estimated as: the amount that it would cost Unitywater to have the asset constructed (by applying standard market rates by unit), or the total market value of similar assets.

ii. Asset valuation

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

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 indefinite 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:

Buildings	40 - 60 years
Infrastructure assets	
– Water infrastructure assets	10 - 120 years
– Sewer infrastructure assets	5 - 180 years
Plant and equipment	2 - 25 years

iv. Gains and losses on disposal

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 Consolidated Statement of Profit or Loss.

4 Our assets

4.2 INTANGIBLE ASSETS

4.2.1 Movement in carrying amounts

	Software \$'000	Work in progress ¹ \$'000	Total \$'000
Cost	59,585	4,815	64,400
Accumulated amortisation	(40,593)	-	(40,593)
Net book value at 1 July 2019	18,992	4,815	23,807
Additions ²	-	13,490	13,490
Transfers from work in progress	3,646	(3,646)	-
Disposals	(92)	-	(92)
Amortisation	(5,315)	-	(5,315)
Net book value at 30 June 2020	17,231	14,659	31,890
Cost	57,108	14,659	71,767
Accumulated amortisation	(39,877)	-	(39,877)
Net book value at 30 June 2020	17,231	14,659	31,890
Additions ²	-	18,193	18,193
Transfers from work in progress	28,725	(28,725)	-
Amortisation	(5,953)	-	(5,953)
Net book value at 30 June 2021	40,003	4,127	44,130
Cost	83,690	4,127	87,817
Accumulated amortisation	(43,687)	-	(43,687)
Net book value at 30 June 2021	40,003	4,127	44,130

¹ Comparatives restated (see Note 1.2.7).

² See Note 4.2.1i.

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. 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 (if applicable) and an appropriate proportion of overheads attributable during the configuration of the software.

In April 2021, the IFRS Interpretations Committee (IFRIC) published an agenda decision for configuration and customisation costs incurred related to implementing Software as a Service (SaaS) arrangements. The Group is currently assessing the impact of the agenda decision on its current accounting policy, which may result in previously capitalised costs needing to be recognised as an expense.

The process to quantify the impact of the decision is ongoing. External technical accounting advice is being sought and a timeline has been determined. Investigation is ongoing due to the effort required in obtaining the underlying information from historical records covering multiple arrangements and assessing the nature of each of the costs. As at 30 June 2021, the carrying value of potential SaaS arrangements is estimated at \$27.5M. The impact of adopting the change in accounting policy is expected to be finalised by 31 December 2021. As the change is required to be accounted for retrospectively, the impact of costs previously capitalised in a prior year needing to be recognised as an expense, will result in a reduction to opening retained earnings in the 2022 consolidated financial statements.

4 Our assets

4.2 INTANGIBLE ASSETS

4.2.1 Movement in carrying amounts

ii. 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 for intangible assets are:

Software

3 - 20 years

4.3 RIGHT OF USE ASSETS

4.3.1 Movement in carrying amounts

	Land \$'000	Buildings \$'000	Total \$'000
Cost	-	-	-
Less accumulated depreciation	-	-	-
Net book value at 1 July 2019	-	-	-
Transition additions	163	10,091	10,254
Reassessments ¹	3	91	94
Depreciation			
Depreciation expensed	(4)	(1,081)	(1,085)
Depreciation capitalised	-	(1,085)	(1,085)
Net book value at 30 June 2020	162	8,016	8,178
Cost	193	21,556	21,749
Less accumulated depreciation	(31)	(13,540)	(13,571)
Net book value at 30 June 2020	162	8,016	8,178
Reassessments ¹	-	22	22
Depreciation			
Depreciation expensed	(4)	(1,045)	(1,049)
Depreciation capitalised	-	(1,127)	(1,127)
Net book value at 30 June 2021	158	5,866	6,024
Cost	193	21,578	21,771
Less accumulated depreciation	(35)	(15,712)	(15,747)
Net book value at 30 June 2021	158	5,866	6,024

¹ CPI adjustments as per lease contracts.

Unitywater leases office premises in the Sunshine Coast and Moreton Bay regions and wetlands in the Sunshine Coast. A right of use asset is recognised when control of the use of a specific asset for a length of time is conveyed by a lease contract in exchange for consideration. Except in the case of short-term leases or leases of low-value assets (which are expensed through the Consolidated Statement of Profit or Loss), such right of use assets are capitalised at cost on the commencement date of the lease.

4 Our assets

4.3 RIGHT OF USE ASSETS

4.3.1 Movement in carrying amounts



Estimation of cost of right of use assets – The cost of right of use assets comprises the initial lease liability adjusted for initial direct costs, lease payments prior to commencement, lease incentives and estimated make good costs. The assets are subsequently held at cost less accumulated depreciation and impairment losses, and remeasured in line with lease liabilities as a result of CPI adjustments. They are depreciated on a straight-line basis over the lesser of the various lease terms and the assets' estimated useful lives, with any extension clause options being taken up where reasonably certain.

Refer to Note 5.7 Lease liabilities for details of the financing of these assets.

4.4 IMPAIRMENT

4.4.1 Impairment testing

The carrying amounts of Unitywater's non-current assets (including intangible assets and right of use assets) are reviewed annually to determine whether there is any indication of impairment. If there is an indication of impairment, an impairment test is performed to determine whether the assets carrying value exceeds their recoverable amount. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount.



Estimation of fair value of non-current assets – 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 Weighted Average Cost of Capital (WACC) as the 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 carrying 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.



Estimation of fair value of non-current assets – 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. Impacts of the high growth in Unitywater's service region (which drives developer contributions - cash and assets) combined with the prevailing low inflation environment were also assessed in the impairment review. Unitywater's review of asset valuation in 2021 concluded that the fair value range remains supportive of the assets' carrying value and hence no impairment is indicated. Other than mentioned below, there are no material indicators of impairment at the time the financial statements were authorised for issue. Based on this review, no impairment (2020: \$Nil) was recognised in relation to property, plant and equipment, intangibles and right of use assets in the Statement of Profit or Loss.



COVID-19 has been considered a trigger for impairment and its potential effects incorporated in Unitywater's impairment review under two valuation scenarios. Those scenarios both represent a 10% drop in consumption across the customer base, impacting on both water and sewerage revenue.

5 Our funding

This section provides information on funding our daily operations and the related costs.

5.1 CAPITAL MANAGEMENT

Unitywater group manages its finances to maintain a stable and appropriate capital structure given the financial risk profile and regulated nature of its business, whilst delivering returns to its Participating Councils (Moreton Bay Regional Council, Sunshine Coast Council and Noosa Council) and to ensure it can fund its ongoing operations.

Unitywater's capital comprises contributed equity, retained earnings and net debt.

	Notes	Parent 2021 \$'000	Parent 2020 \$'000
Contributed equity	5.2	1,434,782	1,434,782
Retained earnings		825,581	722,278
Total equity		2,260,363	2,157,060
Borrowings	5.8	1,557,652	1,557,652
Less: cash and cash equivalents	5.3	(135,173)	(102,162)
Net debt		1,422,479	1,455,490
Net capital		3,682,842	3,612,550
Gearing ratio		39%	40%

The gearing ratio represents the degree to which an entity's activities are funded through debt versus equity. This is calculated by dividing the net debt by the net capital as shown above.

Unitywater's capital usage is monitored using key credit metrics and ratios which also form part of our funding arrangements with Queensland Treasury Corporation (QTC).

	Parent 2021	Parent 2020
Key credit metrics		
EBITDA ¹ interest coverage >= 2.5	21.2	20.3
EBIT ² interest coverage >= 1.75	13.1	13.0
Funds from operations interest coverage >= 2.25	17.9	16.9
Net debt to fixed assets <= 60%	7%	8%

¹ Earnings before interest, tax, depreciation and amortisation.

² Earnings before interest and tax.

As indicated above, Unitywater is in compliance with the facility covenants. Its implied credit rating, as determined by QTC, is BBB+. Note that the definition of interest expense and net debt under the Participating Local Government (PLG) Loan Agreements and QTC Master Facility Agreements excludes any debt or interest payable under the PLG Loan Agreements. These metrics also exclude developer contributions (cash and donated assets).

5 Our funding

5.2 EQUITY

5.2.1 Contributed equity

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 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.

The resulting participation rights of each council are as follows:

	%	2021 \$'000	2020 \$'000
Moreton Bay Regional Council	58.24%	835,591	835,591
Sunshine Coast Council	37.51%	538,213	538,213
Noosa Council	4.25%	60,978	60,978
Total contributed equity	100.00%	1,434,782	1,434,782

5.2.2 Participation returns

In accordance with the Restructuring Act, the participating Councils have entered into an agreement (the Participation Agreement) to determine each entity's participation rights in Unitywater Group. The Participation Agreement specifies the participants' rights to participate in a distribution of profits of Unitywater Group in proportion to the percentage set out next to the participant's name in the Register of Participation Rights. During the period from 15 March to 15 April in each financial year Unitywater Group must give to the participants an estimate of Unitywater Group's net profit for the financial year; and 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 after tax of Unitywater Group (excluding developer contributions in excess of a progressively decaying cap on developer contributions through to 2021-22, because developer contributions are a form of funding for Unitywater's capital expansion). If insufficient adjusted profits are available to meet agreed returns, there is provision for a special dividend to be made.

The following participation returns have been paid or are payable at 30 June 2021:

	2021 \$'000	2020 \$'000
In accordance with the Participation Agreement, an interim participation return was declared on 21 January 2021 and paid on 15 February 2021	20,365	15,198
The Board declared the full year participation return on 28 June 2021	14,825	17,650
Total participation return paid/payable	35,190	32,848
Moreton Bay Regional Council	20,495	19,131
Sunshine Coast Council	13,199	12,321
Noosa Council	1,496	1,396
Total	35,190	32,848

5 Our funding

5.3 CASH AND CASH EQUIVALENTS

	2021 \$'000	2020 \$'000
Cash at bank and on hand	135,173	102,162
Total cash and cash equivalents in the Consolidated Statement of Cash Flows	135,173	102,162

Cash and cash equivalents comprise cash on hand and at bank, cheques received not banked, deposits held on call, and 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.

5.3.1 Reconciliation of cash flows from operating activities

	2021 \$'000	2020 ¹ \$'000
Cash flows from operating activities		
Profit for the year	138,578	143,410
Non-cash items included in operating result:		
Depreciation and amortisation	90,830	83,927
Loss on disposal of property, plant and equipment	2,807	6,210
Donated assets	(57,518)	(68,300)
Credit losses on trade and other receivables	(30)	74
Changes in assets and liabilities:		
Decrease / (Increase) in trade and other receivables	24,470	(38,303)
(Increase) in inventories held for use	(1,093)	(742)
Decrease / (Increase) in prepayments	358	(399)
Increase in trade and other payables	17,330	7,806
Increase in contract liabilities	7,452	816
Increase in employee benefits provision	28	2,625
(Decrease) / Increase in other liabilities	(282)	101
Increase in deferred tax liabilities	16,034	19,853
Net cash inflow from operating activities	238,964	157,078

¹ Comparatives restated (see Note 1.2.7).

5 Our funding

5.4 TRADE AND OTHER RECEIVABLES

	2021 \$'000	2020 ¹ \$'000
Current		
Trade debtors and accrued receivables	137,556	163,011
Less: expected credit losses	(559)	(621)
	136,997	162,390
GST receivables	3,342	2,341
Other receivables	97	131
Total current	140,436	164,862
Non-current		
Other receivables	1,233	1,247
Total non-current	1,233	1,247
Total trade and other receivables	141,669	166,109

¹ Comparatives restated (see Note 1.2.7).

Trade debtors are amounts due from customers for the provision of water, sewerage, trade waste and other services performed in the ordinary course of business. Accrued receivables are recognised for water and sewerage charges and other works and services where performance obligations have been satisfied but not yet invoiced.

Trade and other receivables are initially measured at fair value and are subsequently carried at amortised cost. Trade debtors (from contracts with customers) are generally due for settlement 30 days from invoice date and are therefore classified as current. Overpayments are reclassified to contract liabilities (see Note 5.5). Other receivables are due in accordance with their contractual terms.

Trade debtors are generally interest-bearing once they become due.



Receivables expected credit loss estimation – Collectability of trade receivables is reviewed on an ongoing basis with provision being made for impairment based on expected credit losses. This estimate considers future cash flows with regard to historical credit loss experience as well as forecast market outlook based on a provision matrix methodology. Individual debts that are uncollectible are written off when identified after obtaining the appropriate level of authorisation. Generally, trade receivables are written off where an amount is considered to be unrecoverable (i.e. bad debt, not economical to pursue, unable to locate customer or negotiated settlement). Movements in expected credit losses are recognised as an expense.



As a result of COVID-19, Unitywater introduced various measures to support the community over this time. These included the temporary extending of payment terms to 60 days as well as suspending interest on overdue accounts. Payment terms reverted back to normal from April 2021 resulting in receivables reverting to pre-COVID levels.

5 Our funding

5.4 TRADE AND OTHER RECEIVABLES

	2021 \$'000	2020 \$'000
Movement in expected credit losses		
Opening balance	621	574
(Decrease) / Increase in provision	(62)	47
Closing balance	559	621

Ageing of impaired, as well as unimpaired financial assets is disclosed in the following table:

	Expected Credit Loss Rate %	Gross \$'000	Expected Credit Losses \$'000	Total \$'000
Trade and other receivables				
2021				
Accrued receivables	0.02%	93,251	16	93,235
Current billed	0.02%	37,074	6	37,068
Past due 0-30 days	0.08%	4,798	4	4,794
Past due 31-60 days	0.35%	2,308	8	2,300
Past due 61-90 days	0.69%	871	6	865
More than 91 days	13.22%	3,926	519	3,407
Total trade and other receivables		142,228	559	141,669
2020¹				
Accrued receivables	0.02%	90,269	20	90,249
Current billed	0.02%	67,322	14	67,308
Past due 0-30 days	0.10%	3,070	3	3,067
Past due 31-60 days	0.00%	36	-	36
Past due 61-90 days	0.89%	1,010	9	1,001
More than 91 days	11.45%	5,023	575	4,448
Total trade and other receivables		166,730	621	166,109

¹ Comparatives restated (see Note 1.2.7).

5 Our funding

5.5 CONTRACT LIABILITIES

	2021 \$'000	2020 \$'000
Opening balance	25,043	24,227
Previously deferred revenue recognised during the period	(14,872)	(15,633)
Additional revenue deferred during the period	24,499	18,276
Refunds of balances previously deferred	(2,175)	(1,827)
Closing balance	32,495	25,043
Current	31,495	24,043
Non-current	1,000	1,000
Total contract liabilities	32,495	25,043

Contract liabilities represent customer receipts for which performance obligations have yet to be met. The majority of this balance reflects developer contributions/deposits where the right to connect has yet to be given. Obligations are generally met within 12 months of receipt of the funds.

In addition, refundable infrastructure offsets are also recognised as a contract liability where construction of the asset has been lawfully completed or in accordance with the agreement with the developer.

5.6 TRADE AND OTHER PAYABLES

	2021 \$'000	2020 \$'000
Current		
Trade creditors	21,467	30,525
Participation return payable	14,825	17,650
Interest payable	15,928	17,184
Accrued expenses	39,777	16,855
Income tax payable	8,995	2,918
Other	2,749	2,834
Total trade and other payables	103,741	87,966

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.

5 Our funding

5.7 LEASE LIABILITIES

	2021 \$'000	2020 \$'000
Lease liabilities		
Current	2,258	2,224
Non-current	4,727	7,201
Total lease liabilities	6,985	9,425

Discounted lease payments are recognised as lease liabilities at the commencement date of the lease. In determining the present value of the lease payments, Unitywater has used its incremental borrowing rate since the implied interest rate is not able to be readily determined. Subsequently, interest at this rate is added to the lease liability, and payments deducted, in order to reflect the carrying value of the lease liability. Where lease contracts incorporate CPI escalations, the lease liability and its corresponding right of use asset are adjusted to take this into account once the impact is known.

The total cash outflow for leases in 2021 was \$2,677,536 (2020: \$2,589,791).



Judgement and estimation regarding lease liabilities – The lease liability reflects an estimate of the present value of the lease payments since CPI adjustments are not accounted for until confirmed and the discounting is based on Unitywater's incremental borrowing rate. Management has used judgement when considering whether extension options will be exercised.

Refer to Note 4.3 Right of use assets for details of the assets covered by these leases.

5.8 BORROWINGS

5.8.1 Borrowing costs

	2021 \$'000	2020 \$'000
Interest on loans	64,566	69,921
Interest on lease liabilities	152	192
Other interest	(25)	151
Total borrowing costs	64,693	70,264

Borrowing costs comprise interest expense and related fees on bank overdrafts, short-term and long-term borrowings. They are recognised as an expense using the effective interest method in the period in which they are incurred. Borrowing costs that are not settled in the period in which they arise are accrued as interest payable. Where material, 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 2021 (2020: \$Nil).

5 Our funding

5.8 BORROWINGS

5.8.2 Composition of borrowings

	2021 \$'000	2020 \$'000
Non-current		
Participating Councils		
Subordinated debt	1,160,652	1,160,652
Queensland Treasury Corporation		
Portfolio linked loan	397,000	397,000
Total borrowings	1,557,652	1,557,652

Borrowings are initially recognised at fair value, net of any transaction costs directly attributable to the borrowings, and then subsequently held at amortised cost using the effective interest method. 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 6.1. There have been no defaults or breaches of the loan agreements during the 2021 financial year (2020: 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 6.1 along with Unitywater's other financial liabilities.

The weighted average rate of borrowings for the year is 4.13% (2020: 4.46%). Interest payments are made quarterly in arrears at rates ranging from 3.03% to 4.51% (2020: 3.09% to 4.86%).

5 Our funding

5.8 BORROWINGS

5.8.2 Composition of borrowings

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%	-1%	+1%
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2021					
Financial assets	135,117	(1,351)	(1,351)	1,351	1,351
Financial liabilities	(1,557,652)	808	808	(785)	(785)
Sensitivity (net)	(1,422,535)	(543)	(543)	566	566
2020					
Financial assets	101,776	(1,018)	(1,018)	1,018	1,018
Financial liabilities	(1,557,652)	809	809	(792)	(792)
Sensitivity (net)	(1,455,876)	(209)	(209)	226	226

5.8.3 Financing arrangements at balance date

	2021 \$'000	2020 \$'000
Unitywater 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
Total facilities	1,608,452	1,608,452
Facilities not utilised at balance date:		
Bank overdraft	50	50
Credit card	740	735
Working capital	49,998	49,980
Total facilities not used	50,788	50,765

6 Our financial risks

This section outlines the valuation methodologies for our financial instruments, the framework used to manage the financial risks to our business, as well as our commitments and potential commitments.

6.1 FINANCIAL RISK FRAMEWORK

6.1.1 Financial instruments

Financial instruments are classified and measured as follows:

Financial instrument	Initial measurement	Subsequent measurement
Cash and cash equivalents	Fair value	Amortised cost
Trade receivables and lease receivables	Fair value	Amortised cost
Investment in associate	Cost	Cost plus/minus profits/losses
Payables	Fair value	Amortised cost
Borrowings	Fair value net of directly attributable transaction costs	Amortised cost (using the effective interest method)
Lease liabilities	Present value of unpaid lease payments at commencement date	Adjusted for lease payments, interest and lease modifications

Unitywater classifies its financial assets at amortised cost because they are held to collect contractual cash flows and those cash flows are solely principal and interest.

Financial assets are derecognised if the contractual rights to the cash flows from the financial assets expire, 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.

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

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

6.1.2 Categorisation of financial instruments

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

Category	Notes	2021 \$'000	2020 ¹ \$'000
Financial assets			
Cash and cash equivalents	5.3	135,173	102,162
Trade and other receivables	5.4	138,327	163,768
Other assets	8.1	6,274	-
Total financial assets		279,774	265,930
Financial liabilities			
Trade and other payables	5.6	103,741	87,966
Lease liabilities	5.7	6,985	9,425
Borrowings	5.8	1,557,652	1,557,652
Total financial liabilities		1,668,378	1,655,043

¹ Comparatives restated (see Note 1.2.7).

GST is excluded from trade and other receivables as it does not arise from a contract with the ATO and is therefore not a financial asset.

6 Our financial risks

6.1 FINANCIAL RISK FRAMEWORK

6.1.3 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 the Group.

Risk exposure

Unitywater Group's activities expose it to a variety of financial risks as set out below.



Credit risk is the risk of financial loss to Unitywater Group if a customer or another party fails to meet its obligations.

Unitywater Group is exposed to credit risk through its customers, investments with the Queensland Treasury Corporation (QTC) and deposits held with banks. It uses ageing analysis to measure this risk (see Note 5.4).

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+.

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.

With regard to cash and cash equivalents, Unitywater only deals with creditworthy counterparties and recognised financial intermediaries as a means of mitigating 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.

The maximum exposure to credit risk at 30 June 2021 in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provision for impairment (see Notes 5.3 and 5.4).

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 Consolidated Statement of Financial Position.



As a result of COVID-19, Unitywater's debtor position remains higher than usual. This combined with the uncertain economic outlook exposes it to higher credit risk. The estimated impact of this on expected credit losses is included in Note 5.4 Trade and other receivables.

6 Our financial risks

6.1 FINANCIAL RISK FRAMEWORK

6.1.3 Financial risk management



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. It uses maturity analysis to measure this risk (see below).

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.

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.

	Financial liabilities				Total cash flows \$'000
	Carrying amount \$'000	Cash flow payable in			
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	
2021					
Trade and other payables	103,741	103,741	-	-	103,741
PLG loans	1,160,652	48,776	190,347	1,505,525	1,744,648
QTC borrowings	397,000	11,464	45,815	397,000	454,279
Lease liabilities	6,985	2,706	4,719	291	7,716
Total financial liabilities	1,668,378	166,687	240,881	1,902,816	2,310,384
2020					
Trade and other payables	87,966	87,966	-	-	87,966
PLG loans	1,160,652	53,361	209,382	1,592,357	1,855,100
QTC borrowings	397,000	12,218	48,833	397,000	458,051
Lease liabilities	9,425	2,645	7,397	300	10,342
Total financial liabilities	1,655,043	156,190	265,612	1,989,657	2,411,459

6 Our financial risks

6.1 FINANCIAL RISK FRAMEWORK

6.1.3 Financial risk management



Market risk – Unitywater's market risk is primarily in relation to interest rate risk. This 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. It uses sensitivity analysis to measure this risk (see Note 5.8).

Unitywater does not trade in foreign currency and is not materially exposed to commodity price changes.

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.

6.1.4 Fair value

Unitywater Group does not carry any financial assets or financial liabilities at fair value.

Cash, trade and other receivables, and payables are carried at amortised cost which is assumed to approximate fair value – the value of the original transaction, less any allowance for impairment.

Borrowings are carried at amortised cost using the effective interest method. Fair value of interest-bearing borrowings is notified by QTC. It is calculated based on discounted expected future cash flows. The fair values of the borrowings, together with the carrying amounts, are as follows:

	Carrying amount \$'000	Fair value \$'000
2021		
Participating Councils		
Subordinated loans	1,160,652	1,410,921
QTC borrowings		
Portfolio linked loan	397,000	428,257
Total borrowings	1,557,652	1,839,178
2020		
Participating Councils		
Subordinated loans	1,160,652	1,523,747
QTC borrowings		
Portfolio linked loan	397,000	440,337
Total borrowings	1,557,652	1,964,084

6 Our financial risks

6.2 COMMITMENTS

6.2.1 Leases as lessor

Finance leases

Leases in which Unitywater Group transfers substantially all of the risks and rewards of ownership to another party are classified as finance leases. Unitywater Group does not at present have any such leases.

Non-cancellable operating leases

Where leases do not transfer substantially all of the risks and rewards of ownership, they are classified as operating leases. In this respect, Unitywater leases commercial land to businesses as well as other sites to telecommunication carriers for installation and operation of mobile telecommunication facilities. Commitments to Unitywater under non-cancellable operating leases at reporting date are receivable as follows:

	2021 \$'000	2020 \$'000
Within one year	1,721	1,750
Between one and five years	4,335	4,712
More than five years	4,502	5,078
Total commitments – leases as a lessor	10,558	11,540

6.2.2 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:

	2021 \$'000	2020 \$'000
Property, plant and equipment		
Within one year	37,445	43,822
One year and no later than five years	11,610	2,023
More than five years	-	64
Total commitments	49,055	45,909
Intangibles		
Within one year	1,319	12,680
One year and no later than five years	4	6
Total commitments	1,323	12,686

6.3 CONTINGENCIES

Legal claims



Judgement regarding legal claims – There is currently a dispute with a Unitywater contractor in relation to a design and construct contract. Both parties are seeking compensation, but at this stage, neither party has commenced proceedings. Unitywater does not admit liability.

6.4 SUBSEQUENT EVENTS

In July 2021 a contractor issued Unitywater with a revised claim, see Note 6.3. There have been no other subsequent events to date that may significantly affect the operations of Unitywater or materially impact the consolidated financial statements.

7 Our tax

This section breaks down our costs and obligations regarding income tax.

7.1 INCOME TAX

7.1.1 Income tax expense

Unitywater Group is subject to the Local Government Tax Equivalents Regime (LGTER). Under the LGTER Unitywater Group 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) on the Consolidated Statement of Profit or Loss comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, less any instalments paid and any adjustment to tax payable in respect of the previous year. Taxable income differs from profit before tax reported in the Consolidated Statement of Profit or Loss, as it excludes items of income and expense that are taxable or deductible in other years, and also excludes any items that will never be taxable or deductible. Unitywater Group's liability for current tax expense is calculated using tax rates enacted at balance date.

	2021 \$'000	2020 ¹ \$'000
Income tax expense recognised in consolidated profit or loss		
Current tax expense		
Current income tax charge	43,217	41,486
Adjustments for current income tax of prior years	87	-
Current tax expense	43,304	41,486
Deferred tax expense		
Deferred income tax charge	16,121	19,853
Adjustments for current income tax of prior years	(87)	-
Deferred tax expense	16,034	19,853
Total income tax expense	59,338	61,339
Reconciliation of effective tax rate		
Consolidated profit (loss) before income tax expense	197,916	204,749
Income tax expense at 30%	59,375	61,425
Non-deductible expenses	33	16
Change in unrecognised temporary differences subject to initial recognition exemption	(70)	(102)
Income tax expense	59,338	61,339

¹ Comparatives restated (see Note 1.2.7).

7 Our tax

7.1 INCOME TAX

7.1.2 Deferred tax assets and liabilities



Deferred tax estimate – 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 Group.

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021 \$'000	2020 ¹ \$'000	2021 \$'000	2020 ¹ \$'000	2021 \$'000	2020 ¹ \$'000
Property, plant and equipment	-	-	(203,439)	(187,930)	(203,439)	(187,930)
Right of use assets	-	-	(1,807)	(2,454)	(1,807)	(2,454)
Prepayments	-	-	(80)	(95)	(80)	(95)
Employee benefits	6,137	5,186	-	-	6,137	5,186
Other provisions and accruals	348	362	-	-	348	362
Lease liabilities	2,270	3,062	-	-	2,270	3,062
Accrued revenue	-	-	(374)	(363)	(374)	(363)
Other items	134	37	(10,810)	(9,392)	(10,676)	(9,355)
Tax asset/(liability)	8,889	8,647	(216,510)	(200,234)	(207,621)	(191,587)
Set off	(8,889)	(8,647)	8,889	8,647	-	-
Net tax liability	-	-	(207,621)	(191,587)	(207,621)	(191,587)

¹Comparatives restated (see Note 1.2.7).

7 Our tax

7.1 INCOME TAX

7.1.3 Movements in deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2021 \$'000	2020 ¹ \$'000	2021 \$'000	2020 ¹ \$'000	2021 \$'000	2020 ¹ \$'000
Opening balance	8,647	4,878	(200,234)	(172,866)	(191,587)	(167,988)
Developer contributions - donated assets adjustment ²	-	-	-	(4,364)	-	(4,364)
Adjustment on initial application of AASB 16 Leases	-	3,694	-	(3,076)	-	618
Restated opening balance	8,647	8,572	(200,234)	(180,306)	(191,587)	(171,734)
Current year's income tax equivalent expense	242	75	(16,276)	(19,928)	(16,034)	(19,853)
Closing balance	8,889	8,647	(216,510)	(200,234)	(207,621)	(191,587)

¹ Comparatives restated (see Note 1.2.7).

² During the 2020 financial year, donated assets with a value of \$14,545,751 were identified as having been accepted on maintenance in prior periods but not previously recognised within property, plant and equipment nor as developer contributions revenue. An adjustment of \$10,182,026 to reflect this balance net of tax of \$4,363,725 was booked against retained earnings on 1 July 2019. The impact on property, plant and equipment is shown in Note 4.1.

7.1.4 Unrecognised deferred tax assets and liabilities

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

	Assets		Liabilities		Net	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Depreciating assets transferred from Councils on 1 July 2010	-	-	(51)	(155)	(51)	(155)
Employee provisions transferred from Councils on 1 July 2010	-	512	(19)	-	(19)	512
Tax asset/(liability)	-	512	(70)	(155)	(70)	357
Set off	-	(155)	-	-	-	(155)
Net tax asset	-	357	(70)	(155)	(70)	202

As part of the restructure of the water entities, the Sunshine Coast and Moreton Bay Regional Councils transferred assets and employee leave provisions to Unitywater on 1 July 2010. The requirements of the initial recognition exceptions in relation to these assets and liabilities were satisfied such that any temporary differences arising on the acquisition of the transferred assets and leave balances were not recognised; and no temporary differences are recognised in the current period, or future periods in relation to these assets and leave balances.

8 Other

This section covers remaining assets and liabilities of our business as well as disclosures to assist in understanding our consolidated financial statements.

8.1 OTHER ASSETS

	2021 \$'000	2020 \$'000
Current		
Prepayments	5,454	5,812
Inventories held for use (cost)	3,266	2,173
Total other current assets	8,720	7,985
Non-current		
Investment in associate	6,274	-
Investment property	3,965	3,970
Total other non-current assets	10,239	3,970

An amount of \$3,883,898 (2020: \$3,196,166) of inventory was recognised as an expense during the year.



Due to the supply chain delays mentioned in Note 2.5, and the need for additional consumables and hygiene products as a result of COVID-19, Unitywater has increased its stock of critical spares and consumables.

8.2 OTHER LIABILITIES

	2021 \$'000	2020 \$'000
Current		
Unearned revenue	932	1,113
Security deposits and retentions	118	168
Other payables	12	63
Total other current liabilities	1,062	1,344
Non-current		
Provision for restoration	582	582
Total other non-current liabilities	582	582

8 Other

8.3 RELATED PARTIES

8.3.1 Transactions and balances with Participating Councils

	Moreton Bay Regional Council		Sunshine Coast Council ¹		Noosa Council		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revenue								
Utility charges	6,480	6,913	4,454	4,616	943	860	11,877	12,389
Developer contributions	(2,743)	3,187	256	987	-	4	(2,487)	4,178
Other revenue	2,131	1,257	707	549	326	420	3,164	2,226
	5,868	11,357	5,417	6,152	1,269	1,284	12,554	18,793
Expenses								
Supplies and services	137	364	583	1,410	126	9	846	1,783
Interest on loans	30,534	32,903	19,592	21,112	2,219	2,392	52,345	56,407
Taxation equivalents	26,479	25,477	17,054	16,409	1,932	1,859	45,465	43,745
Participation returns	20,495	19,131	13,199	12,321	1,496	1,396	35,190	32,848
	77,645	77,875	50,428	51,252	5,773	5,656	133,846	134,783
Amounts receivable								
Utility charges	777	852	681	728	105	104	1,563	1,684
Other receivables	58	63	69	54	1	9	128	126
	835	915	750	782	106	113	1,691	1,810
Contract liabilities								
Revenue deferred during the period	402	-	-	-	-	-	402	-
	402	-	-	-	-	-	402	-
Amounts payable								
Interest payable	7,633	8,226	4,898	5,278	555	598	13,086	14,102
Supplies and services	-	2	-	-	-	-	-	2
Taxation equivalents	6,497	3,014	4,184	1,942	474	220	11,155	5,176
Participation returns	8,634	10,279	5,561	6,621	630	750	14,825	17,650
	22,764	21,521	14,643	13,841	1,659	1,568	39,066	36,930
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

¹ SunCentral Maroochydyore Pty Ltd is a wholly owned subsidiary of Sunshine Coast Council and is also a related party of Unitywater. Transactions between Unitywater and SunCentral Maroochydyore Pty Ltd are included in Sunshine Coast Council in the table above.

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

8 Other

8.3 RELATED PARTIES

8.3.2 Transactions with associate entities

During the year, payments of \$978,922 were made to associate entity Pipe Management Australia Pty Ltd for the provision of maintenance services for water and sewerage assets.

8.3.3 Key management personnel transactions

A number of the Board members and executive management personnel hold positions in other entities that may result in them having control or significant influence over the financial or operating policies of those entities. Resulting related party transactions with Unitywater are conducted at arm's length, on normal commercial terms, in line with Unitywater's Conflict of Interest Policy.

8.4 GROUP STRUCTURE

The Unitywater Group consists of the following entities:

Name of entity	Principal activity	Interest held by the Group	
		2021	2020
Northern SEQ Distributor-Retailer Authority trading as Unitywater	Water and sewerage services		
Unitywater Properties Pty Ltd ¹	Property investment	100%	100%
Headworks Australia Pty Ltd ¹	Holding company	100%	100%
Pipe AI Pty Ltd ²	Software services	30%	0%
Utility Management Group Pty Ltd ²	Holding company	24%	0%
Pipe Management Australia Pty Ltd ²	Water and sewerage services	24%	0%
IC Pipes Pty Ltd ²	Water and sewerage services	24%	0%

¹ Consolidated subsidiary

² Equity accounted associate

All the above entities have fully paid up ordinary share capital. Ownership interests are a direct reflection of voting rights.

Unitywater supports its subsidiaries to ensure they can meet their obligations when they fall due.

8 Other

8.5 NEW AND REVISED ACCOUNTING STANDARDS

At the date of authorisation of the financial report, the following Australian accounting standards and interpretations have been issued but were not yet effective as at 30 June 2021. None of these have been early adopted and their impacts on the consolidated financial statements are not expected to be material.

Standard/Interpretation	Application date for Unitywater
AASB 2020-2 <i>Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</i>	1 July 2021
AASB 2020-5 <i>Amendments to Australian Accounting Standards – Insurance Contracts</i>	1 July 2021
AASB 2020-7 <i>Amendments to Australian Accounting Standards – COVID 19 – Related Rent Concessions: Tier 2 Disclosures</i>	1 July 2021
AASB 2020-8 <i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform Phase 2</i>	1 July 2021
AASB 2020-9 <i>Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments</i>	1 July 2021
AASB 2021-1 <i>Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities</i>	1 July 2021
AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)</i>	1 July 2021
AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 July 2022
AASB 2020-3 <i>Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments</i>	1 July 2022
AASB 17 <i>Insurance Contracts (Appendix D)</i>	1 July 2023
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i>	1 July 2023
AASB 2021-2 <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</i>	1 July 2023
AASB 2021-5 <i>Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 July 2023

Unitywater applies standards and interpretations in accordance with their respective commencement dates.

Certificate of Unitywater Group for the year ended 30 June 2021

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

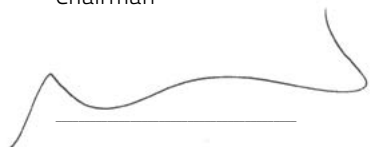
- i. the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- ii. the consolidated financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Unitywater Group for the financial year ended 30 June 2021 and of the financial position at the end of that year; and

We acknowledge responsibility under s.7 and s.11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

Michael Arnett

BCom, LLB

Chairman



19 August 2021

George Theo

MBA (Bus), BEng (Civil), CPEng,
Ass Dip Mun (Eng), MIEAust, GAICD
Chief Executive Officer

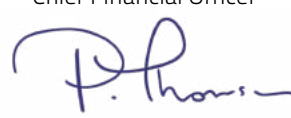


19 August 2021

Pauline Thomson

BBus (Acc), FCPA, GAICD

Chief Financial Officer



19 August 2021

INDEPENDENT AUDITOR'S REPORT

To the Board of Northern SEQ Distributor-Retailer Authority trading as Unitywater

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Northern SEQ Distributor-Retailer Authority trading as Unitywater and its controlled entities (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the group's financial position as at 30 June 2021, and their financial performance and cash flows for the year then ended; and
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

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

Basis for opinion

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

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

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

Responsibilities of the entity for the financial report

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

The Board is also responsible for assessing the parent's and group'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 parent or group 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. This is not done for the purpose of expressing an opinion on the effectiveness of the entity's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the parent's and group'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 parent's or group'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 parent or group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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

Statement

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

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

Prescribed requirements scope

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



Vaughan Stemmett
as delegate of the Auditor-General

20 August 2021

Queensland Audit Office
Brisbane



Ground Floor
33 King Street
Caboolture QLD 4510
PO Box 953
Caboolture QLD 4510
1300 086 489
unitywater.com

Hon Glenn Butcher MP
Minister for Regional Development and
Manufacturing and Minister for Water
1 William Street
Brisbane Qld 4000

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2020-2021 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 2019*, 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 102 of this annual report.

Yours sincerely

Michael Arnett
BCom, LLB
Chairman
06 September 2021

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 101
Accessibility	Table of contents	ARRs – section 9.1	Page 3
	Glossary	ARRs – section 9.1	Page 104
	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	Page 8
Non-financial performance	Government's objectives for the community and whole-of-government plans/specific initiatives	ARRs – section 11.1	Page 8
	Agency objectives and performance indicators	ARRs – section 11.2	Page 12-15, 17-28
	Agency service areas and service standards	ARRs – section 11.3	Page 8, 12-13
Financial performance	Summary of financial performance	ARRs – section 12.1	Page 15
Governance – management and structure	Organisational structure	ARRs – section 13.1	Page 39
	Executive management	ARRs – section 13.2	Page 43
	Government bodies (statutory bodies and other entities)	ARRs – section 13.3	N/A
	Public Sector Ethics	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	Page 36
	Human rights	<i>Human Rights Act 2019</i> ARRs – section 13.5	Page 37
	Queensland public service values	ARRs – section 13.6	Page 5,6

Summary of compliance *continued*

	Summary of requirement	Basis for requirement	Annual report reference
Governance – risk management and accountability	Risk management	ARRs – section 14.1	Page 35, 37
	Audit committee	ARRs – section 14.2	Page 36, 42
	Internal audit	ARRs – section 14.3	Page 36
	External scrutiny	ARRs – section 14.4	Page 36
	Information systems and record keeping	ARRs – section 14.5	Page 37
	Information Security attestation	ARRs – section 14.6	N/A
Governance – human resources	Strategic workforce planning and performance	ARRs – section 15.1	Page 30-33
	Early retirement, redundancy and retrenchment	<i>Directive No.04/18 Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	N/A
Open Data	Statement advising publication of information	ARRs – section 16	Page 36
	Consultancies	ARRs – section 33.1	data.qld.gov.au
	Overseas travel	ARRs – section 33.2	data.qld.gov.au
	Queensland Language Services Policy	ARRs – section 33.3	data.qld.gov.au
Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	Page 97
		FAA – section 62 FPMS – section 46 ARRs – section 17.2	Page 98
Definitions	FAA	<i>Financial Accountability Act 2009</i>	
	FPMS	<i>Financial and Performance Management Standard 2019</i>	
	ARRs	<i>Annual report requirements for Queensland Government agencies</i>	
	N/A	<i>Not applicable</i>	

Glossary

Term	Meaning
CEO	Chief Executive Officer
EWOQ	Energy and Water Ombudsman Queensland
GL	Gigalitre, which is 1 billion litres
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



Unitywater

Serving you today,
investing in tomorrow.

-
-  unitywater.com
 -  1300 086 489
Emergencies and Faults 24 hours
Customer Service: 8am - 5pm,
Mon - Fri (except public holidays)
 -  Unitywater, PO Box 953, Caboolture QLD 4510
 -  Customer Service Counters 8.30am - 4.30pm,
Mon - Fri (except public holidays)
6 -10 Maud Street, Maroochydore QLD 4558
33 King Street, Caboolture QLD 4510

Unitywater has certification to
OH&S ISO 45001: 2018 Reg No 50000079
Environmental ISO 14001: 2015 Reg No 500000079
Quality ISO 9001: 2015 Reg No 500000079
Food Safety ISO 22000: 2018 Reg No 500000079

