



Annual Report

2022–2023

Acknowledgement of Country

Unitywater acknowledges the Traditional Owners of the lands on which we operate – the Jinibara, Kabi Kabi and Turrbal people. We recognise their significant contributions to the conservation of our environment and their deep connection to the land and waters.

We pay respect to their Elders, past, present and emerging, and acknowledge the important role all Aboriginal and Torres Strait Islander peoples continue to play within our communities.



Our Cultural Spring motif symbolises a **water hole**, traditionally a gathering place where knowledge is shared. The depth of colour illustrates the **connection between land and water** and our **commitment to reconciliation**, bringing our people together and fostering a deeper understanding and respect for Aboriginal and Torres Strait Islander cultures.

We are proud to have worked with Gilimbaa Creative Agency on this cultural artwork.

Welcome

ABOUT THIS REPORT

Unitywater is pleased to present the 2022-2023 Annual Report. This report is published on our website at www.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 Service (TIS National) by phoning 131 450.

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2022-23 Highlights



Message from the Chairman

Welcome to Unitywater's 2022-23 Annual Report.

Unitywater continues to broaden our thinking beyond pipes, pumps and plants, and embed our position as a trusted and resilient water services business recognised for care, service, and sustainability.

As a modern utility providing essential services to more than 800,000 people every day, we strive to deliver on our fundamental duties to safeguard public health and the environment, while embracing our responsibility to make sustainable contributions to the region's way of life.

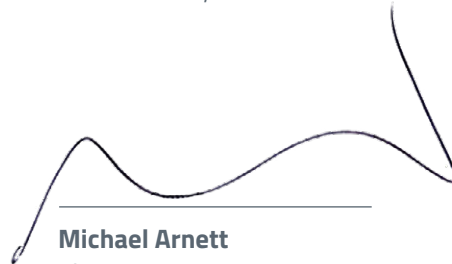
Our investment in infrastructure is critical to ensuring our water and wastewater services meet the needs of a population expected to grow 20% by 2030. Our long-term capital works program includes an investment of \$1.8 billion over the next five years to meet regional growth, long-term sustainability, and our net zero sustainability goals.

Our CEO Anna Jackson joined us in July 2022, and she is leading our organisation to define a lasting legacy for our communities. Beyond continuing to get the basics right, we are seeing a new vision to value every drop and ensure sustainability is central in our decision making. We are benefiting from Anna's inclusive leadership, strategic direction and extensive water sector experience as she guides Unitywater into a new era.

This year we delivered a total profit of \$137.5 million. After excluding developer contributions Unitywater's 2022-23 profit was \$7.6 million, up from \$4.5 million for the previous year. We continue to deliver returns to our participating councils of Moreton Bay, Sunshine Coast and Noosa. I thank each council for their ongoing support of our Board and the Unitywater team.

I extend my thanks to the Board members and Executive Leadership Team for their guidance and support.

Finally, to the Unitywater team, thank you for your dedication, commitment and care for our customers, communities, and environment.



Michael Arnett
Chairman

7 September 2023

Message from the CEO

This year I have observed the achievements of our people with pride. I welcome the opportunity to share some of these achievements in this Annual Report, while also reflecting on our performance for our customers, sharing our strategy and highlighting the values that influence who we are, where we have come from and where we are headed.

Unitywater exists to enable healthy and thriving communities. As the provider of essential water and wastewater services, we are dedicated to making them sustainable, affordable, reliable, and resilient for the generations of today and tomorrow.

We are committed to sustainable asset creation and operations on behalf of our customers, and we care about making a positive impact on the health of our lands and waterways, and on the liveability of our communities, whether they are established, new or emerging.

We are only able to achieve our purpose and ambition when our people, our customers and our community are kept safe. Through our systems and the care we demonstrated for each other, our safety performance and outcomes remained strong again this year and importantly, our people went home safely.

My focus this year has been on looking for opportunities to add broader value for our customers. This includes projects aimed at improving waterway health, enabling local communities to enjoy recreational opportunities, and contributing to our environmental sustainability goals. We are dedicated to constructing a recycled water scheme

that improves water security for farmers, and implementing technology to optimise our water and wastewater networks, ensuring improved customer

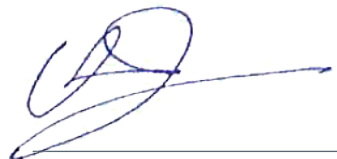
experiences and making sure our infrastructure is safe and secure for the future.

The past year has seen us deliver on some very worthwhile projects, with rewarding outcomes for our customers and communities. I have felt inspired by the continued resilience of our community, and our own Unitywater team members, in the face of new challenges and opportunities.

Our region is experiencing continued population growth, extreme weather events and ongoing economic and social change. Unitywater is embracing these challenges by striving to balance operational efficiencies, smart solutions with community values, customer affordability and support for our more vulnerable customers.

Thank you to our Unitywater team made of up South East Queensland locals. You continue to push yourselves to disrupt traditional thinking, leverage technology and create new partnerships while nurturing a positive culture that supports the growth and wellbeing of our team.

I also thank the Board and Executive Leadership Team for their support this year.



Anna Jackson
Chief Executive Officer

7 September 2023

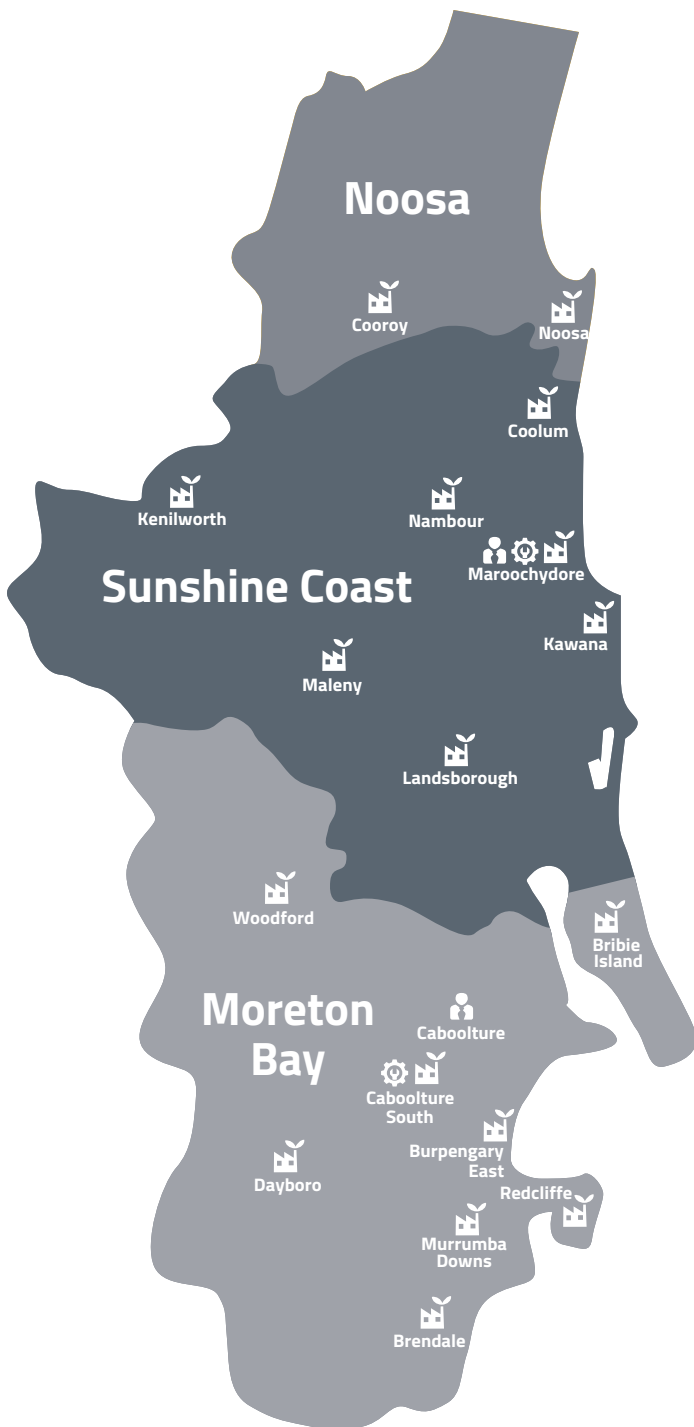


CHAPTER 1

Who we are

About us: our purpose, vision, values and strategy

Twenty-four hours a day, seven days a week, Unitywater provides customers in Moreton Bay, Sunshine Coast and Noosa with quality, safe and reliable water and wastewater services.






We take pride in providing essential services that are economically and environmentally sustainable, delivering on our purpose of fostering healthy and thriving communities.

We look after our communities now and into the future by planning, building, operating and maintaining water and wastewater infrastructure in a sustainable way that is sensitive to the environment in which we operate.

We align with the State Government’s objectives for the community by safeguarding the health of Queenslanders, delivering world-class frontline services, supporting jobs, investing in skills, growing our regions, driving investment in infrastructure, protecting the environment and embracing our rich and ancient cultural history.

Unitywater is a statutory authority, formed under the South East Queensland Water (Distribution and Retail Restructuring) Act 2009. Governed by an independent, skills-based Board, we have a Participation Agreement with our shareholders – Moreton Bay Regional Council, Noosa Council and Sunshine Coast Council.

-  **Corporate Offices**
-  **Service Centres**
-  **Treatment Plants**

Our vision

To be a sustainable water and wastewater services provider that creates value for our customers and returns value to our stakeholders.

Our values

Reliability
Efficiency
One Team
Safety
Honesty and Integrity
Innovation

Our strategy

Our corporate strategy honours our vision and values and guides us to meet our strategic goals where we are better and safer together, we add value to our community and we help our customers.

CARE

for our people
for our customers
for our community



We focus on technology, innovation and partnerships to achieve our strategy.



CHAPTER 2

2022-23
by the numbers

Our performance on core services

100%
ACHIEVED

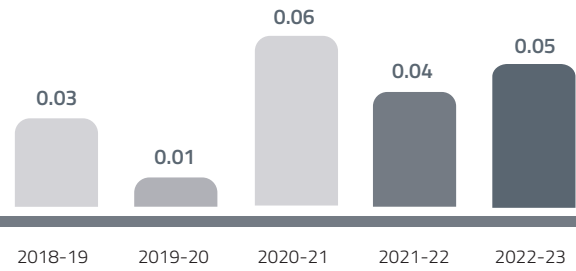
Bacteriological compliance with Public Health Regulation 2018

TARGET >99%



Drinking water quality complaints per 1000 connected properties

*Industry median 2021-22 = 1.2



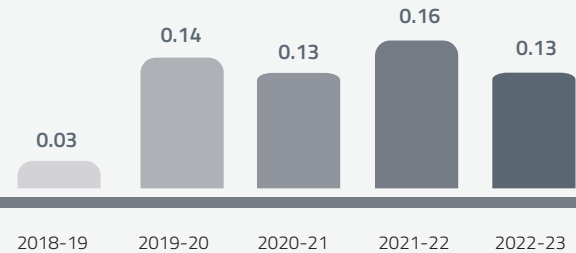
97.8%
ACHIEVED

Wastewater treatment plants met licence requirements

TARGET >99%



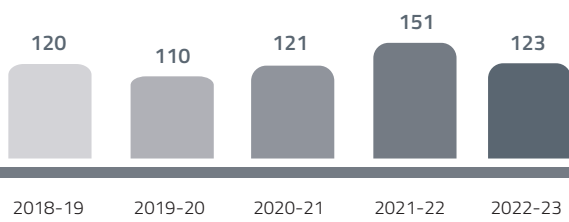
Odour complaints per 1000 connected wastewater properties



*Australian utilities with 100,000+ connected properties (National Performance Report 2021-22 Urban Water Utilities).

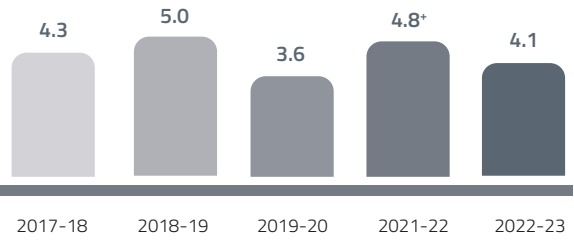
Average duration of an unplanned water outage (minutes)

Target <118 *Industry median 2021-22=138

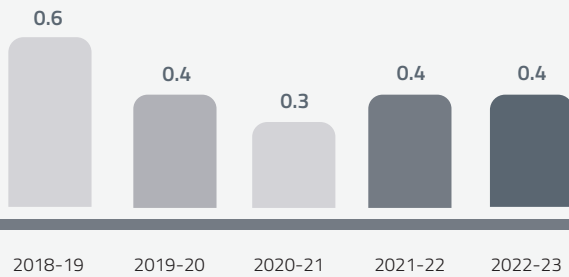


Water main breaks and leaks per 100km of mains

Target <4.3 *Industry median 2021-22=17.2

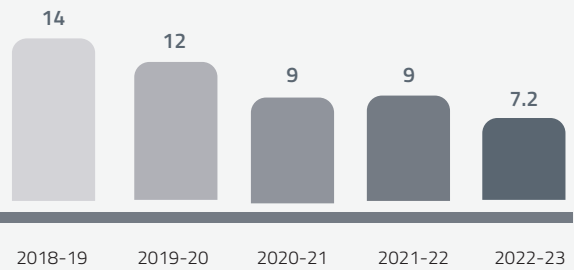


Dry weather sewage overflows
Monthly average per 100km of main



Sewer main breaks and chokes per 100km of mains

Target <20 *Industry median 2021-22=33



*Australian utilities with 100,000+ connected properties (National Performance Report 2021-22 Urban Water Utilities).

Safe, reliable, 24/7 services



Water and wastewater services around the clock

96%

Urgent incidents responded to in less than one hour



58,952 ML
Drinking water supplied

56,753 ML
Wastewater treated



1,242,413 
Meter readings performed



100%
Water quality compliance

Helping our customers



Keeping prices affordable

89.8%

Transactions completed through self-service



6.1/10

Value for money score



\$1.7 M

Saved through digital meters

Adding value to the community



Making a positive contribution to the environment



100%
Biosolids recycled
80,561 tonnes



8100 Mwh
Renewable energy generation



10,000 kg
Total nitrogen
diverted from waterways

2000 kg
Total phosphorous
diverted or offset from waterways

869 ML
Recycled water supplied

Better and safer together



Creating a healthy work experience



HPIFR **15.7**
High Potential Incident
Frequency Rate

39% lower than 2021-22

32 Mental Health First
Aiders Accredited

Safety culture maturity level



Public compliance

756
Total team members

50.55% Diversity of hire in trade
and technical roles

Women in water

40%
in leadership
roles



37.55%
of total
workforce

Our financial performance

Rigorous and contemporary financial management practices ensure the ongoing sustainability of our business, as we continue to meet obligations to our participant councils while shaping the services that will meet both the needs and expectations of our customers of today and the future.

In the 2022-23 financial year, Unitywater's profit was \$137.5 million after tax.

The revenue Unitywater collected for water and wastewater services grew by 2.9%, reflecting higher bulk water prices from the State Government being passed through to customers, as well as connection growth across the region.

The 2022-23 profit was down \$15.6 million or 10.2% from the previous financial year, which was primarily a result of lower developer contributions that reduced from \$148.7 million in 2021-22 to \$129.9 million in 2022-23. These contributions are

comprised of donated assets and infrastructure charges that fund the essential water and wastewater infrastructure required to enable new developments. The lower capital revenue for the financial year reflects the timing of when new developments are completed and connected to Unitywater's networks and therefore recognised as revenue, as opposed to a reflection of development across the region, which continued to grow, with the number of connection applications received in 2022-23 increasing by 3% compared to the previous year.

After excluding developer contributions Unitywater's 2022-23 profit was \$7.6 million, up from \$4.5 million for the previous year.

Like all other Australian homes and businesses, Unitywater navigated the increased costs of doing business in 2022-23 arising from high inflation and continued supply chain pressures. Through efficient business practices, we balanced our objective to support our customers through stable usage charges and a range of payment support mechanisms, with increased total returns (comprised of interest, tax and dividends) delivered to Moreton Bay, Sunshine Coast and Noosa councils and communities of \$140 million, which was up from \$133 million in the previous period.

Consolidated Statement of Profit or Loss

	2018-19 \$M	2019-20 \$M	2020-21 \$M	2021-22 \$M	2022-23 \$M
Total revenue	730.6	730.1	723.7	758.3	759.8
Total expenses	(513.9)	(525.4)	(537.0)	(539.6)	(570.4)
Profit before income tax expense	216.7	204.7	186.7	218.7	189.4
Income tax expense	(64.9)	(61.3)	(56.0)	(65.6)	(51.9)
Profit for the year	151.8	143.4	130.7	153.1	137.5



CHAPTER 3

Delivering on our why

Results and highlights

Our 'why' at Unitywater is our purpose; the reason for our existence. Providing customers with safe and reliable water services that are economically and environmentally sustainable is what drives us every minute of the day.

At the same time as supplying these core services, Unitywater has a responsibility and a commitment to sustainably plan and deliver new or upgraded water and wastewater infrastructure to meet the needs of our fast-increasing customer base. Over the next five years, Unitywater will invest approximately \$1.8 billion in infrastructure to support the growth of our region.

Here are some of the major projects we're delivering.

Aura

Detailed design for new water and wastewater infrastructure for the Aura development near Caloundra was finalised in late 2022 to extend the network to cater for the 69,000 residents who will live here by 2055. Contracts were awarded in early March 2023 and site mobilisation began in June 2023, with construction to commence in July 2023.

The Aura Water Project includes construction of a new water reservoir and installation of 12km of new water pipeline from the Ewen Maddock Water Treatment Plant to Aura in Caloundra South. The Aura Sewer Project includes construction of a new sewer pump station and installation of 12.5kms of new pipeline to transfer wastewater to our Kawana Sewage Treatment Plant from Aura in Caloundra South.

Harmony

Detailed design for new water infrastructure for the Harmony estate in Palmview was finalised in late 2022 to extend the network to cater to the 21,000 residents who will live there by 2036. Contracts were awarded in early March 2023, and site mobilisation began in June 2023, with construction to commence in July 2023.

The Harmony Water Project includes construction of a new water reservoir at Tanawha and installation of

2.6km of new water pipeline from the reservoir to the Harmony estate in Palmview.

We're using alternative construction techniques where possible to minimise environmental impact, for example drilling under a sacred Guardian Tree of cultural significance, and we're continuing to explore other opportunities to minimise impact on flora and fauna.

Caboolture West Neighbourhood Development Plan

Unitywater is supporting major development at Caboolture West, including the newly named Waraba, to facilitate sustainable and highly liveable housing for this major growth area forecast to become a new regional city home to 70,000 people over the next 40 years.

Unitywater is working with the Department of Transport and Main Roads, State Government, Moreton Bay Regional Council and local residents to progress detailed infrastructure planning for this area.

A concept design was completed in February 2022 and a detailed design phase in July 2023 will help secure funding for construction. We'll continue to engage with developers to ensure the best outcomes for Unitywater's networks, our customers and our communities of the future.

A treatment operations milestone

A year-long process to hand back management and operations of two wastewater treatment plants at Noosa and Redcliffe officially concluded on 30 November 2022.

Unitywater is now operating its full fleet of 17 wastewater treatment plants for the first time since its inception in 2010.

This transition was a proud moment for our people as it confirmed that our internal efficiency and capability matches that of the private sector.

“Insourcing all our wastewater management is really important for our customers in terms of providing safe, reliable wastewater treatment and finding efficiencies to keep bills affordable.

“Our project team has done an incredible job bringing our contractors and Unitywater together to ensure a smooth handover and that our operators can confidently operate these important assets.

“A huge thanks goes to our contractors who have been running the plants on our behalf – TRILITY, who’ve operated Redcliffe for eight years and Suez, our Noosa operator for the last 25 years.”

Rhett Duncan

Executive Manager Customer Delivery

For the first time
Unitywater is operating
its full fleet of } **17** treatment
plants

Wastewater network testing

We carried out wastewater network testing across the Sunshine Coast between August 2022 and June 2023. This testing program improves the safety and reliability of the network by checking for leaks and cracks in pipework, as well as smoke testing to identify incorrect connections from outdoor infrastructure such as roofs and downpipes to our sewer network instead of the stormwater system.

ISO re-certification

Unitywater was audited and successfully re-certified for the International Food Safety Certification ISO 22000, Quality Management ISO 9001, Environmental Management ISO 14001, Occupational Health and Safety ISO 45001. These certifications provide assurance to our customers, the business and regulators that Unitywater meets ‘best practice’ requirements in these areas.



CHAPTER 4

Helping our customers

Results and highlights

We are committed to providing water and wastewater services in the most affordable way, delivering economic and social value to everyone. We aim to keep our prices as low as possible, to allow our customers to do more of what is important for them and their families.

We also want to provide an easy and positive experience for our customers by taking action to prevent issues from occurring and if they do happen, being timely in resolution and proactive about keeping people informed.

Strategic Goal	Measure	2022-23 Performance
We keep our prices affordable	Change in the Unitywater component of the average bill	Target: 0.0% Result: 0.0%
	Value for money	Target: 6.1 Result: 6.1
We are easy to do business with	Customer Ease (out of 7)*	Target: 5.6 Result: 4.7

Planning for growth

Given that we service one of the fastest growing regions of Australia, growth planning is a permanent state of mind for us at Unitywater.

The following are important considerations in our planning:

- demand needs from our future customers in growing communities
- getting the balance right between upgrades to our existing assets and new infrastructure
- maximising green spaces and community amenity to deliver liveable and more sustainable communities
- delivering our services without compromising the water needed for healthy waterways or generating more emissions
- ensuring we operate smarter using advancements in technologies to run our networks.

*Customer feedback during the year identified opportunity to improve transaction-based interactions, with the design and implementation of digital solutions now underway to simplify development services and account self-administration.

Smart meter success

Unitywater's smart water meter trial produced impressive results in 2022-23. A total of 10,609 smart (digital) water meters were installed at properties in Mooloolaba, Maroochydore, Alexandra Headland, Mountain Creek, Kuluin and Buderim to create our first smart meter network.

Real-time data from these smart meters has allowed us to quickly detect and notify our customers about hidden leaks on their properties. This has enabled more than 2,059 smart water meter customers to find and repair these leaks early, before they receive a large water bill.

So far, smart water meters have saved Unitywater customers 337 million litres of water and more than \$1.7 million in extra bill charges that could have resulted from unrepaired leaks.

Read more: www.unitywater.com/smart-meters

Data from our smart water meters featured prominently at the GovHack competitive challenge event in August 2022. Unitywater sponsored the Moreton Bay node of the GovHack event along with Moreton Bay Regional Council and University of the Sunshine Coast.

Our challenge 'Digitising your drinking water' asked competing teams to submit data-driven ideas to influence people to conserve water.

It received a total of 11 entries – the highest number for all of Queensland – and the fifth highest nationally. And, to demonstrate the value of this event, one of the participants in the runner-up team was subsequently successful in gaining a position in our Vacation Work Program.



Smart meters have saved
337 million litres
saved



2059 customers
detected leaks early

Resulting in customer savings of
more than **\$1.7m** 

Smart sensors

We have successfully installed Acoustic Leak Detection (ALD) sensors on trunk water mains prone to leaks or located in less observable areas. These sensors 'listen' to the network and alert our Network Engineers of potential leaks for investigation.

Through ALD, we have identified leaks totalling 97 million litres of water had they gone unnoticed for a year. We are also testing ALD technology in Mooloolaba to assess its effectiveness in built-up areas.

Additionally, our Pressure Transient (PT) sensors monitor pressure spikes caused by pumps, valves and network interactions such as emergency isolations, helping us identify and mitigate leaks and breaks. By utilising ALD and PT sensors, we proactively manage our water network, determining the cause of the leaks and optimising our resources.

Development Services improvements

Unitywater is balancing the need to help property developers get on with the job of building for the region's growth with our responsibility to ensure the infrastructure delivered by developers meets expected standards, is reliable and matches the needs of future communities.

In December 2022, the Unitywater Board approved the Development Services Program to drive improvements in the way we manage development applications throughout the development lifecycle.

This significant program will improve the service experience of development customers while building the capabilities required to manage the unprecedented scale and pace of development in our region.

Among the planned improvements is the development of a dedicated online self-service portal which will make it easier to lodge and track applications and speed up approvals. Unitywater has engaged directly with the development industry, recruited additional internal resources and selected a technology partner, with a Proof of Concept demonstrated in June 2023 to test the capabilities of our preferred solution.

Between October 2022 and December 2022, we trialled a pilot program to streamline and reduce audit

times for less complex development applications. This proved successful, with 200 applications audited and processed in two weeks, compared to the average processing time of 8-10 weeks experienced at the time the pilot started. We are expanding our trial approach to include applications for medium risk type assets from some of our higher performing Registered Certifiers.

In May 2023, we announced a new proposal to tier our Accredited Entities based on their performance, and publish those rankings on our website. The intent is to recognise higher performing Accredited Entities and reduce the level of audit their packages receive. This streamlined audit process improves turnaround times for applications and provides transparency for the development industry on the performance of Accredited Entities.

We continue to meet regularly with the development industry, including the Urban Development Institute of Australia (UDIA), seek feedback and input on improvements and to share updates on progress being made.

Trade waste pricing reform

Following a review of trade waste fees and charges, a new pricing structure was announced in March 2023.

The new pricing structure replaces the previous one-size-fits-all flat fee with Treatment Tiers that more accurately reflect the diverse businesses in our region and the specific impact of their trade waste on the treatment network.

It also provides a more equitable set of fees where businesses that generate more or stronger trade waste contribute more towards the actual costs of treating it, so that these costs are not shared across our entire customer base.

During 2022 and early 2023, Unitywater engaged extensively with stakeholders, business and industry representatives, forming a Customer Reference Group to discuss the proposed Treatment Tier approach and assessment criteria, and the best way to transition to change.

The new pricing brings Unitywater into line with standard industry practice and is consistent with other South East Queensland utilities.

Enhanced data security

We upgraded our customer portal My Account in early 2023 with enhanced privacy and stronger measures to protect our customers and their personal information.

New data security features included two-step (multi-factor) verification, the modern industry standard for protecting personal details and transactions made across the internet.

The initiative saw excellent engagement, with 62,485 account users set up with two-step verification as of May 2023. A dedicated Unitywater team provided customer support through the transition and customers provided positive feedback about the enhancement introduction.

All My Account users are now required to set up two-step verification when they register or next log into My Account. We also shared informative tips with customers for protecting their personal details online.

More: www.unitywater.com/watertight

Build Better Together

Build Better Together aims to optimise our capital delivery operating model and create longer term programs of work that are aligned with Unitywater's social, environmental and community outcomes.

The program brings together Unitywater, design and construction contractors and consultants to develop a more collaborative and efficient delivery model for our capital works program and establish lasting

relationships with our supply chain. We want to work with partners in integrated project teams and engage earlier in the project life cycle to deliver great outcomes across development, design and delivery.

Benefits of the new model will include reducing costs and project cycle times, earlier involvement during planning for stakeholders and equitable risk sharing. Unitywater held an industry briefing in October 2022 to outline Build Better Together, share our preferred delivery model and highlight the partnerships that will be available to suppliers.

We undertook an Expression of Interest process in December 2022 relating to the Professional Services and Program Partners contracts. Applicants are progressing through an industry engagement process and are expected to be finalised in November 2023.

Supporting customers in times of need

Unitywater offers a range of flexible mechanisms for our customers who may need support managing their bills. We understand that anyone's circumstances can change over time, with some customers needing short-term, one-off assistance and others needing ongoing support. During 2022-23 there were 2,298 customers who used our seven day bill payment extension option and 1,718 customers who chose to pay their bill in instalments, taking advantage of our tailored payment plan options.



CHAPTER 5

Adding value to our community

Results and highlights

At Unitywater, we understand the importance of valuing every drop to create liveable communities for future generations.

We aim to contribute to a better future for our region by committing to achieve net zero carbon emissions, net zero nitrogen and phosphorous into our waterways and net zero biosolid waste to landfill. Protecting and enhancing the environment allows us to positively contribute to sustainability in our region. We aim to put the interests of our customers and community first, which will contribute to the ongoing success and growth of our region.

Strategic Goal	Measure	2022-23 Performance
We are a valued member of the community	Unitywater puts the interests of its customers and community first (out of 10)	Target: 6.2 Result: 5.9
We make a positive contribution to the environment we operate in	Carbon emissions reduction (% reduction from 2019-20)	Target: 8% Result: 5%

Sustainability goals

We furthered our commitment to sustainability in 2022-23, building on momentum generated by our Environmental Sustainability Plan to protect public health, contribute to sustainable services and help us on our way to achieving our “big three”: net zero

carbon emissions, net zero nutrients to waterways and net zero biosolid waste to landfill.

More: www.unitywater.com/about-us/our-business/sustainability

Caboolture River Nutrient Offset Project

In November 2022, we announced an \$8 million project to rehabilitate 2.4km of eroding shoreline on Caboolture River.

Healthy Land and Water is our construction partner and the project, which will repair nine riverbank sites,

will offset nutrients discharged to the river from our Burpengary East Wastewater Treatment Plant.

We'll plant 30,000 seedlings and the project will provide an estimated carbon sequestration of 34 tonnes of CO2 per year.

9 sites
along 2.4km of riverbank



22,000 cubic metres
excavated

4500 mangrove propagules
collected and planted



Wamuran Irrigation Scheme progress

To support population and economic growth in Caboolture West, Unitywater is constructing the Wamuran Irrigation Scheme that will supply farmers with high-quality treated water from Caboolture South Sewage Treatment Plant to grow high-value crops and turf.

The initial stage of the project will deliver 2.6 gigalitres of recycled water per year and redirect 11 tonnes of nitrogen and 1.8 tonnes of phosphorous away from our waterways.

In November 2022, construction reached the half-way mark with most of the new pipeline between Moodlu and Wamuran farms installed. By March 2023, crews

had installed more than 13 kilometres of pipe, 1.7kms of which was installed underground using horizontal directional drilling.

The scheme, set to be complete and operational by mid-2024, will provide Wamuran farmers with year-round, climate-independent water security and provides Unitywater with an efficient and sustainable solution for water reuse. It's a way to support economic development in the region and contribute to crop-growing with sustainable water sources. The scheme is an alternative to the traditional solution of treatment plant upgrades and will help us meet our sustainability goal of zero nutrients into our waterways.



Oyster Reef Restoration Trial

Unitywater is leading a unique project that will determine the effectiveness of using oysters to improve water quality.

By filtering water, oysters play a vital role in reducing nitrogen levels. They capture nitrogen on their bodies and shells, and the sediment beneath the reef helps remove more nitrogen. This helps to clean the water and restore the health of our waterways.

The Unitywater Oyster Reef Restoration Trial is being delivered in collaboration with University of the Sunshine Coast, Healthy Land and Water and OzFish Unlimited in the upper estuarine reaches of the Pine River, at sites immediately downstream of Unitywater's Murrumba Downs Wastewater Treatment Plant.

The project was presented at Ozwater, Australia's premier water industry conference, in May 2023 and the trial will begin in August 2023.

Community grants

We were proud to announce in November 2022 that 11 community groups across Moreton Bay, Noosa and the Sunshine Coast would share in more than \$50,000 in our Community Grants Program funding.

The annual program provides funding to grassroots initiatives that support environmental outcomes, as well as programs that help with issues faced by our community in the areas of homelessness, mental health, domestic and family violence and youth.

Yandina Creek Wetland

Our Yandina Creek Wetland is one of our flagship environmental projects, celebrated as a green engineering solution that uses nature to help improve water quality.

It's been open to the public with a bird viewing hide since 2020 and in late 2022 we progressed our application for a Ministerial Infrastructure Designation (MID) for the site.

The designation will help us construct new access and recreation facilities, carry out ongoing upgrade and maintenance works to existing infrastructure and help us manage the site in a timely, effective and environmentally responsible way. We engaged neighbours, landholders and other important stakeholders in late 2022 to discuss the designation.

Environment Minister Meaghan Scanlon MP visited the wetland in January 2023 to learn more about its role in the Blue Heart Sunshine Coast, a partnership project between Unitywater, Sunshine Coast Council and the Queensland Government's Department of Environment and Science to sustainably manage more than 5000 hectares of natural floodplain in the Maroochy River catchment.

The Blue Heart project received \$2 million from the Federal Government's Blue Carbon Ecosystem Restoration Grants in August 2022. More: www.sunshinecoast.qld.gov.au/blueheart

Sunshine Coast Lightning community partnership

In November, we reignited our community partnership with elite netballers Sunshine Coast Lightning to spread some important messages about water conservation, sewer misuse and environmental stewardship as part of the Local Water Legends campaign.

We published a series of videos featuring the Lightning players sharing tips for getting prepared for storm season, checking overflow relief gullies, reporting and checking for faults online, what not to put in the wastewater network and the importance of refilling reusable water bottles from the tap to minimise plastic waste.

World Environment Day beach clean-up

We demonstrated our commitment to the environment by organising a Unitywater clean-up event, attended by 35 team members, at Cotton Tree Beach on June 5, in celebration of World Environment Day.

We took this opportunity to announce our upcoming Environmental Sustainability Plan, due for release later this year.

The plan will guide Unitywater for the future, focusing on research support, nature-based solutions and the reuse of recycled water, as we strive for net zero carbon emissions and nutrient release.

Clean-up for the hatchlings

Unitywater team members again supported the 'Clean-up for the hatchlings' event by removing rubbish from 18 beach locations to help clear the way for baby turtles to reach the ocean. Volunteers collected 280kg of rubbish between Coolum and Caloundra with others from Sunshine Coast Council, TurtleCare Sunshine Coast, Reef Check Australia, SEA LIFE Sunshine Coast Aquarium and Noosa Council.



CHAPTER 6

Better and safer together

Results and highlights

Unitywater delivers its core services and achieves its goals each day through the daily efforts and contributions of our people. We want our people to go home safely, every day, and stay safe for the things that matter most to them.

We aim to stay safe as a team and show active care for each other's safety and wellbeing. It is our goal to care for all our people, each day, in everything we do. We aim to ensure everyone has the right environment, opportunities and skills required to be their best. We will also show care for our people by building a constructive culture and a more diverse and inclusive business where everyone has a shared sense of belonging and purpose.

Strategic Goal	Measure	2022-23 Performance
Public compliance	Safety maturity (Maturity status)	Target: Public compliance Result: Public compliance
	Recordable injuries (High Potential Incident Frequency Rate HPIFR)	Target: 26.6 Result: 15.7
We create a healthy work experience	Organisational culture index (OCI) Constructive styles improvement	Target: 10% Result: 10%
	Diverse and inclusive workplace (Maturity rating)	Target: Level 3 Established Result: Level 3 Established
	Female participation	Target: 42% Result: 37.55%
	Females in leadership	Target: 50% Result: 40%
	Age diversity - people under 35 years	Target: 25% Result: 20.3%

Works Management Uplift Program

Unitywater has an excellent track record of exceeding its customer obligations, responding to incidents and minimising impacts from critical asset failures.

Our maintenance and operations teams work well together to ensure delivery of our core services. We have also invested heavily in our core systems - Maximo, TechnologyOne and GIS - to ensure the latest features are available and we have the

right foundations to establish a proactive work management environment.

After benchmarking, auditing and internal reviews identified that our work management processes and systems needed more focus, the Works Management Uplift Program was announced.

The program go-live was in May 2023 and will enable simpler works management process and systems for our leadership, planning, scheduling, operations and maintenance functions.

Enhancing our cultural awareness including First Nations representation in the workforce

In 2022-23, we introduced First Nations cultural awareness training and cultural heritage inductions so that our people can learn to identify items of cultural significance and handle them appropriately.

We also progressed our third Reconciliation Action Plan (RAP), Innovate 2, to help guide our organisation to take more meaningful action toward a reconciled Australia.

Our internal First Nations Network continues to meet quarterly, supporting and strengthening relationships between team members, sharing family history and providing advice on the delivery of the RAP.

In December 2022 we were pleased to offer our people the option to swap the 26 January public holiday and take another day in lieu. It's another step we've taken on our reconciliation journey as we acknowledge that this date doesn't represent an inclusive and unifying day for everyone, including some of our First Nations team members.

Mental Health Ambassadors appointed

Unitywater partnered with Trademutt to deliver Mental Health First Aid training to 32 of our team members in 2022-23.

These Mental Health Ambassadors are equipped with the skills to provide early intervention for individuals who may be experiencing challenges with their

mental health. Their role is to offer guidance and support until the person engages with professional help or the crisis is resolved.

Through Trademutt, our Ambassadors can wear 'funky' PPE shirts to be easily recognisable to their colleagues.



32 Mental Health Ambassadors



Dedicated support network

IPMA Global Project Excellence Awards

Unitywater's Enterprise Program Management Office (EPMO) team won the Gold award at the IPMA Global Project Excellence Awards for a project to establish the EPMO and transform Unitywater's project management capability.

This was significant, international recognition for Unitywater amongst the best projects and teams from 18 countries.

The team's award-winning work changes the way we plan and deliver our projects and improves the way we deliver on our corporate strategy.

Safety maturity model – Public compliance

Unitywater has continued to deliver its culture and safety program, Better and Safer Together.

Our flagship behavioural safety program 'Switch on to Shape' has been delivered to 92% of our people with a focus on personal accountability and keeping ourselves and each other safe, as well as psychological safety.

The success of this program has helped us achieve 'Public compliance' under our safety culture maturity model.

Improving organisational culture

In September 2022, Unitywater completed a safety climate and culture survey, with positive results showing a shift towards a more constructive culture.

The outcomes from this program demonstrate our continued progress towards achieving Unitywater's strategic goal to create a healthy and safe work experience for our people.

Tongan Water Partnership

Unitywater was selected by the Australian Water Association to work with the Tongan Water Board as part of the 'Partnerships for a resilient and climate smart water sector' program.

A team from Unitywater will work alongside the Tongan Water Board over the coming 12 months, sharing knowledge and skills that will improve their service provision and achieve measurable development outcomes for the community.

The project is supported by the Australian Government via the Australian Water Partnership.

Future leaders start at Unitywater

Our Vacation Work Program and Graduate Program allows us to welcome new talent and ideas into our business, across a variety of disciplines.

A group of 17 tertiary students, mainly from the University of the Sunshine Coast, joined us in December for a 12-week work placement.

Meanwhile, our two-year Graduate Program experience aims to attract exceptional talent to our business and showcase the varied and exciting aspects a career in the water industry can provide. In 2023, we welcomed a Chemical Engineering and Economics graduate, two Mechanical Engineers and a Civil Engineer.

The group will complete rotations across the organisation, participate in a group innovation project, site tours and mentoring as they develop their professional skills.

University scholarships

We continued our longstanding partnership with the University of the Sunshine Coast to offer scholarship opportunities to promising students. The First Nations scholarship was awarded to Business student Mel Farmer. The Fiona Waterhouse Women in STEM scholarship was presented to Caitlyn Turner, an Environmental Science student. And the Bright Future in Engineering scholarship went to Jake Paskins, who is completing a dual degree in Civil Engineering and Environmental Science.



CHAPTER 7

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’s approach to risk management aligns with AS/NZS ISO 31000: 2018 Risk Management – Principles and Guidelines.

Climate variability risk

Unitywater’s CEO and Board are responsible for effectively managing risk, including those related to climate variability.

The Audit and Risk Committee, which meets quarterly, supports the CEO and Board in this function through review and monitoring of the appropriateness of Unitywater’s risk management practices and ensuring that the approved risk management practices are followed. Committee proceedings are reported to the Board. At an operational level, Unitywater’s Executive Leadership Team lead climate variability risk management by ensuring that risks and opportunities are identified, assessed and monitored and that appropriate risk mitigation strategies are implemented in accordance with the risk appetite agreed by the Board.

Unitywater’s planning for a future with further climate variability which may be affected by flood and rising sea levels also includes the development of adaptive infrastructure planning and other critical plans including the Drought Management Plan, the Water Matters Plan and the Leakage Management Plan.

Cyber security risk

Unitywater maintains a constant vigilance towards the prevailing cybersecurity risks in today’s world. This year we have prioritised and invested in uplifting the security of information and operational technology assets.

This included upgrading our customer portal with stronger privacy and protection measures to safeguard our customers’ personal information.

We continue to focus on updating infrastructure and business systems to remain up to date with recommended security patches, optimising network security and technology firewalls, and consistently maintaining backup recovery environments that serve as a final line of defence in the face of threats. Our cyber security program continues to enhance our capabilities to stay ahead of both existing and emerging threats. This program aligns with industry standards and frameworks, enabling us to effectively safeguard against cyber threats including the Australian Cyber Security Centre’s Strategies to Mitigate Cyber Security Incidents and the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF) to protect against cyber-related threats.

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 2022-23 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 scrutiny

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 on page 101).

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. In December 2022 the Unitywater Board approved a new Code of Conduct which applies to the Board, Executives, team members and labour hire. A separate Code of Conduct was established for contractors and suppliers and is available to them when procuring goods and services. All Unitywater team members have undertaken training in the new Code of Conduct and they are all responsible for implementing the Code 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.

Information systems and record keeping

Unitywater continues its commitment to quality information and records management by embedding, communicating and maintaining information management policies, standards and procedures.

Unitywater's information and records are managed by appropriately skilled staff supported by organisational structure improvements to align people and capabilities with emerging business needs. We remain focused on mitigating risks and meeting the challenges of evolving technologies, an increase in large, complex data sets and our obligations under the Public Records Act 2002, and other applicable whole-of-government records governance policies and guidelines. Unitywater creates and keeps full and accurate records of its activities as prescribed by the Corporate Records Management Policy, and in accordance with the standards and policies issued by the Queensland State Archives.

In line with an evolving information landscape, Unitywater undertook a range of strategic positioning activities to ensure, as the capture and use of information grows, that we provide the technologies and processes to ensure information and knowledge is secure, accessible and available to team members, our customers and the public.

Unitywater undertakes regular health checks across all information systems to ensure they continue to provide business value, are strategically aligned and are secure, supported and monitored. Plans are produced for key systems to ensure they are enhanced, replaced, retired or otherwise improved to retain continual alignment to business drivers.

Human rights

We have a continuous focus on mitigating breaches of human rights under the Human Rights Act 2019.

As at 30 June 2023 Unitywater has received zero human rights complaints for the financial year.

Modern slavery

Unitywater was proud to submit our third Modern Slavery Statement this year that is publicly available on the Australian Government's online Modern Slavery Register and on our website.

The Modern Slavery Act 2018 (Cth) requires entities based or operating in Australia, which have an annual consolidated revenue of more than \$100 million, to annually report on the risks of modern slavery in their operations and supply chains.

'Modern Slavery' is an overarching term used to cover a range of exploitative practices including human trafficking, slavery, forced labour, child labour, removal of organs and slavery-like practices. Generally, it pertains to a situation of servitude or forced labour activities in which an individual's freedom and liberty unable to be exercised.

The development of our Modern Slavery Statement was guided by our commitment to the Act and greatly assists our organisation to identify and abolish the occurrence of Modern Slavery within Unitywater's operations and supply chains.

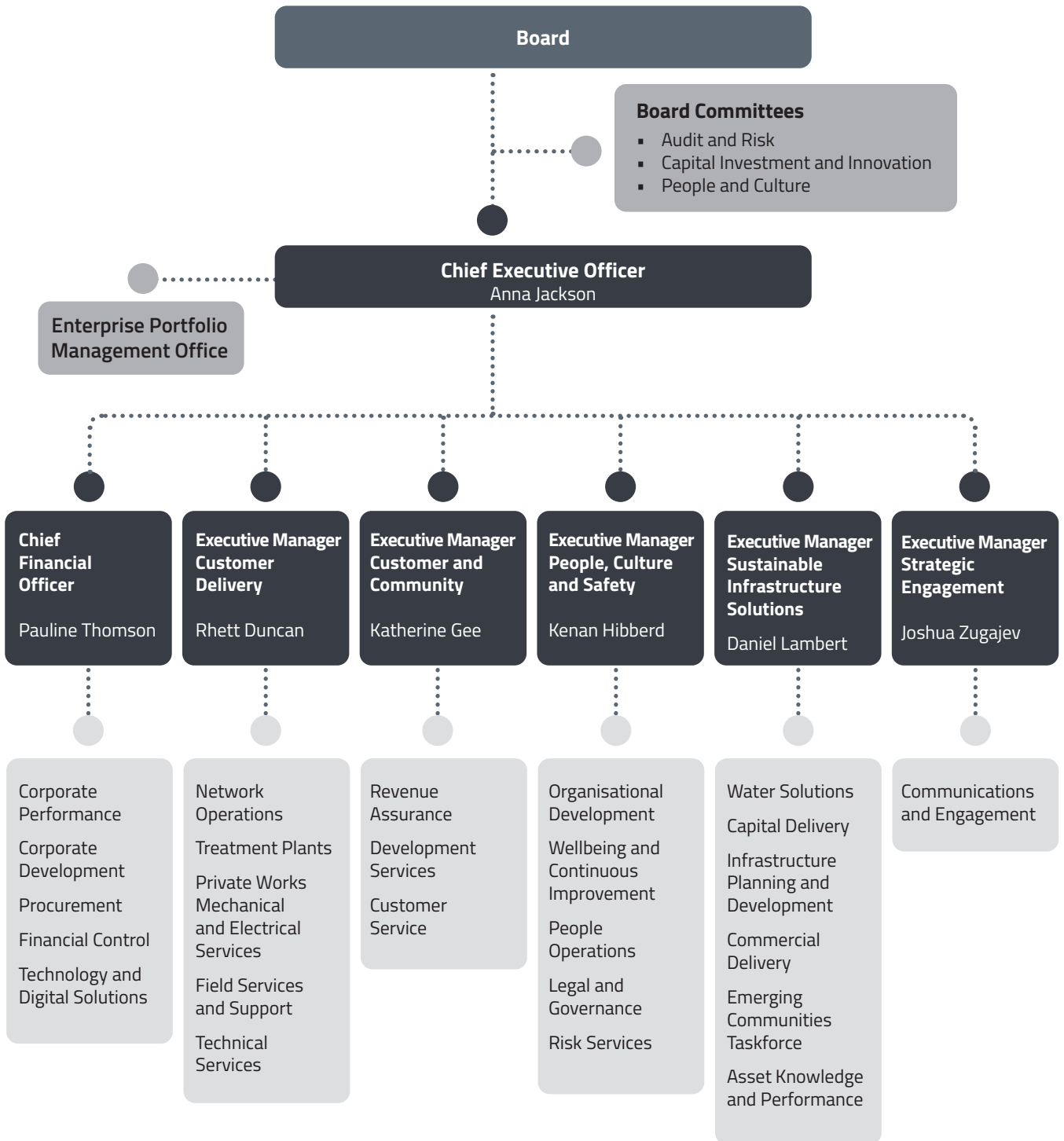


CHAPTER 8

Our structure

Our organisational structure

As at 30 June 2023



Our Board

Unitywater's independent skills-based Board guides our Executive Leadership Team to fulfil its vision to be a sustainable water and wastewater 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

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

CHRIS HERTLE

MPhil - Bio & Env Sci, BE (Chem)

Chris brings to Unitywater over 38 years' international experience in municipal and industrial water, wastewater and solid waste management. His roles have spanned from concept design through to commissioning and operation, with the last decade focused on developing and implementing robust strategies for the growth of water businesses. He has been an active member of various water associations globally (Fellow of IWA and EA) and has served on several technical and advisory committees. He has been an Adjunct Professor at the University of Queensland's Australian Centre for Water and Environmental Biotechnology for the last 10 years.

SARAH ZELJKO

LLB, GAICD, GAIST

Sarah is an accomplished business leader with more than 25 years of executive, operational, governance and advisory experience across public, private and government-owned corporations.

As well as being a director of Unitywater, Sarah is Chair of the Board of Energy Queensland – Australia's biggest government-owned energy business – and is a non-executive director of Verbrec, Venlo and Intellidesign. Sarah is also the Advisory Board Chair of Stockyard Beef.

An admitted legal practitioner in the NSW and QLD Supreme Courts, Sarah has led a range of Boards, Committees and executive teams through strategic and operational challenges. She has a record of delivering revenue growth through developing and executing corporate strategy, negotiating commercial agreements, capital raising, merger and acquisition, and navigating complex multi-million-dollar transactions.

MEGAN CORFIELD

B Comm, BA (Econ), GAICD

Megan Corfield is a strategic businesswoman and professional non-executive director with more than 25 years of experience in leadership and governance roles across government and the utility, professional services and major event sectors.

In addition to being a director of Unitywater, Megan is Chair of the Board of infrastructure advisory firm Connell Griffin and holds directorships with Altogether Group, Northern Territory Power and Water, Brisbane Grammar School and Chief Executive Women Australia.

Megan has a proven record of delivering new business value from strategy development to operational execution, negotiating and integrating mergers and acquisitions and building high performing teams. Megan is a previous Queensland Telstra Businesswoman of the Year and has been recognised as one the Australian Financial Review's 100 Women of Influence.

Board meetings

Committee	Chairperson	Members	Frequency of meeting
Audit and Risk	Megan Corfield	Michael Arnett Sarah Zeljko	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 Arnett	Chris Hertle	Bi-Monthly
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The 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	Michael Arnett	Megan Corfield Sarah Zeljko	Mar, Jun, Sept
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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

Member	Board		ARC		PCC		CIIC	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Michael Arnett (Chairman)	10	10	4	4	3	3	6	6
Megan Corfield	10	10	4	4	3	3	-	-
Sarah Zeljko	10	9	4	4	3	3	-	-
Chris Hertle	10	10	-	-	-	-	6	6

Our Executive Leadership Team

ANNA JACKSON

BA (Journalism), GAICD
CHIEF EXECUTIVE OFFICER

Anna Jackson has been Chief Executive Officer since July 2022. Her focus since joining the Australian water industry in 2017 has been on delivering safe, good quality water and wastewater services for customers, with a particular interest in reuse and securing broader community, environmental and economic benefits.

She is active in national industry leadership through the Australian Water Partnership Advisory Committee as well as the Water Services Association of Australia's Liveable Communities Committee. Anna's professional background is diverse and includes roles in Australia and internationally for Coffey Tetra Tech International Development, and for aerospace and technology company Raytheon.

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.

DANIEL LAMBERT

MBT MEngSc BE (Hons) BSc MAICD FIML FIEAust CMgr CPEng
EXECUTIVE MANAGER - SUSTAINABLE INFRASTRUCTURE SOLUTIONS

Daniel joined Unitywater in 2022 to lead our strategic planning, asset management, capital delivery and water solutions functions. He brings more than 20 years of experience in strategy, design and delivery working on water, energy and waste infrastructure projects spanning more than 25 countries.

KENAN HIBBERD

BCom, FAHRI, MAICD
EXECUTIVE MANAGER - PEOPLE, CULTURE AND SAFETY

Kenan has 30 years of experience in human resources, quality systems and safety leadership in both the public and private sectors. He has held senior management positions in national and

international organisations in the industrial services, engineering, logistics and health sectors. Kenan is an important contributor to industry skills and capability strategy through his role as a member of the Water Services Association Australia People and Culture Committee.

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.

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 wastewater treatment 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.

JOSHUA ZUGAJEV

BCOMM (Public Relations)
EXECUTIVE MANAGER - STRATEGIC ENGAGEMENT
From 19 June 2023

Joshua joined Unitywater in 2023 and leads the teams that connect Unitywater people and external stakeholders with the utility's strategic business objectives. He has almost 20 years of experience in corporate reputation management and has previously led the media, communications and stakeholder engagement functions for SA Water as well as public affairs activities for ElectraNet and Australia Post.



CHAPTER 9

Annual Financial Report

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Key



Judgements
and estimates



Risks



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 2023. 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
- ii. Megan Corfield
- iii. Sarah Zeljko
- iv. Chris Hertle

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 2022-23 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 \$137,532,500 (2022: \$153,132,018).

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 2022-23.

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 including a climate change policy. Potential impacts on the Group are outlined in Note 1.2.10. Further information can be found in the body of the Annual Report under "Climate variability risk" within the "Risk management and accountability" section.

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 other than as outlined in Notes 6.3 and 6.4.

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 2023 financial year were:

	June 2023 \$'000	June 2022 \$'000
Participation return	65,419	40,403

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

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 2022 and 30 June 2023, 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 the 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.

Board Members' Report

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' 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 2023 were:

Board Member	Board meetings		Committee meetings					
	A	E	Audit and Risk		People and Culture		Capital Investment and Innovation	
(A)ttended / (E)ligible	A	E	A	E	A	E	A	E
Michael Arnett – Chairman	10	10	4	4	3	3	6	6
Megan Corfield	10	10	4	4	3	3	-	-
Sarah Zeljko	9	10	4	4	3	3	-	-
Chris Hertle	10	10	-	-	-	-	6	6

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
17 August 2023
Caboolture, Queensland

Consolidated Statement of Profit or Loss

for the year ended 30 June 2023

	Notes	Jun 2023 \$'000	Jun 2022 \$'000
Revenue			
Utility charges	2.1	598,770	582,174
Developer contributions	2.2	129,881	148,652
Other revenue	2.3	31,158	27,499
Total revenue		759,809	758,325
Expenses			
Bulk water purchases	2.4	(217,528)	(203,695)
Supplies and services	2.5	(101,204)	(92,735)
Employee expenses	3.1	(81,051)	(75,700)
Depreciation and amortisation	4.1, 4.2, 4.3, 8.1	(101,305)	(97,277)
Borrowing costs	5.8	(58,260)	(59,200)
Other expenses	2.6	(11,011)	(11,020)
Total expenses		(570,359)	(539,627)
Profit before income tax expense		189,450	218,698
Income tax expense	7.1	(51,917)	(65,566)
Profit for the year		137,533	153,132

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 2023

	Notes	Jun 2023 \$'000	Jun 2022 \$'000
Current assets			
Cash and cash equivalents	5.3	28,772	133,739
Trade and other receivables	5.4	139,416	142,607
Other assets	8.1	13,548	9,213
Total current assets		181,736	285,559
Non-current assets			
Trade and other receivables	5.4	1,691	1,369
Property, plant and equipment	4.1	4,255,627	3,999,293
Intangible assets	4.2	16,572	18,093
Right of use assets	4.3	5,386	7,038
Other assets	8.1	13,090	10,063
Total non-current assets		4,292,366	4,035,856
Total assets		4,474,102	4,321,415
Current liabilities			
Trade and other payables	5.6	127,330	107,719
Contract liabilities	5.5	52,841	43,274
Employee benefits provision	3.4	23,357	22,342
Lease liabilities	5.7	2,365	2,332
Other liabilities	8.2	946	995
Total current liabilities		206,839	176,662
Non-current liabilities			
Employee benefits provision	3.4	2,244	1,697
Lease liabilities	5.7	2,771	5,347
Borrowings	5.8	1,592,652	1,557,652
Deferred tax liabilities	7.1	253,176	223,245
Other liabilities	8.2	1,179	582
Total non-current liabilities		1,852,022	1,788,523
Total liabilities		2,058,861	1,965,185
Net assets		2,415,241	2,356,230
Equity			
Contributed equity	5.2	1,434,782	1,434,782
Retained earnings		980,459	921,448
Total equity		2,415,241	2,356,230

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 2023

	Notes	Retained earnings \$'000	Contributed equity \$'000	Total \$'000
Balance at 30 June 2021		808,719	1,434,782	2,243,501
Total distribution to participants	5.2	(40,403)	-	(40,403)
Profit for the year		153,132	-	153,132
Balance at 30 June 2022		921,448	1,434,782	2,356,230
Adjustment to trade and other receivables	5.4	(22,282)	-	(22,282)
Adjustment to developer contributions, net of tax	4.1, 5.5, 7.1	9,179	-	9,179
Restated balance at 1 July 2022		908,345	1,434,782	2,343,127
Total distribution to participants	5.2	(65,419)	-	(65,419)
Profit for the year		137,533	-	137,533
Balance at 30 June 2023		980,459	1,434,782	2,415,241

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 2023

	Notes	Jun 2023 Inflow / (Outflow) \$'000	Jun 2022 Inflow / (Outflow) \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		620,427	608,785
Developer contributions		53,685	76,127
Government grants and subsidies		3,629	3,704
Interest received		2,476	1,091
Goods and services tax refunded (net)		32,637	23,949
Payments to suppliers (inclusive of GST)		(351,333)	(328,893)
Payments to employees		(79,698)	(74,513)
Borrowing costs		(58,436)	(60,452)
Income tax payments		(42,925)	(48,718)
Net cash inflow from operating activities	5.3	180,462	201,080
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		363	758
Payments for property, plant and equipment and intangibles		(270,560)	(165,981)
Net cash outflow from investing activities		(270,197)	(165,223)
Cash flows from financing activities			
Proceeds from borrowings		113,763	60,296
Repayments of lease liabilities		(2,660)	(2,532)
Repayments of borrowings		(78,763)	(60,296)
Participation return payments		(47,572)	(34,759)
Net cash outflow from financing activities		(15,232)	(37,291)
Net decrease in cash and cash equivalents		(104,967)	(1,434)
Cash and cash equivalents at the beginning of the year		133,739	135,173
Cash and cash equivalents at the end of the year	5.3	28,772	133,739

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

Notes to the consolidated financial statements

for the year ended 30 June 2023

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 2023. 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 17 August 2023. Board members have the power to amend and reissue the financial statements.

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.



Estimation of 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 settlement 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, which is the functional and presentation currency of the Group. 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.

1.2.7 Going concern

The consolidated financial statements have been prepared on a going concern basis in accordance with AASB 101 *Presentation of Financial Statements*. The Group considered the effect of climate related risks and noted that there is no impact on the Group's ability to continue as a going concern.

1.2.8 Comparatives

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

1 About this financial report

1.2 Basis of preparation

1.2.9 Use of estimates and judgements



In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's 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 areas of estimation, uncertainty and critical judgements in applying accounting policies that have an effect on the amount recognised in the consolidated financial statements are described in the following notes:

Note 1.2	Basis of preparation – Estimation of fair value
Note 2.1	Utility charges – Estimation of unbilled water consumption
Note 2.2	Developer contributions – Fair value estimation of developer contributions (donated assets)
Note 2.4	Bulk water purchases – Estimation of consumption
Note 3.4	Employee benefits provision – Leave provision estimations
Note 4.1	Property, plant and equipment – Fair value estimation of donated property, plant and equipment
Note 4.1	Property, plant and equipment – Estimated useful lives of property, plant and equipment
Note 4.2	Intangible assets – Estimated useful lives of intangible assets
Note 4.3	Right of use assets – Estimation of cost of right of use assets
Note 4.4	Impairment – Estimation of fair value of non-current assets
Note 5.4	Trade and other receivables – Receivables expected credit loss estimation
Note 5.7	Lease liabilities – Judgement and estimation regarding lease liabilities
Note 6.3	Contingencies – Judgement regarding legal claims
Note 7.1	Income tax – Deferred tax estimate

1 About this financial report

1.2 Basis of preparation

1.2.10 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 tidal 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.

Unitywater has established a 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. During the year, Unitywater has completed development of a detailed Environmental Sustainability Plan and supporting five year Environmental Sustainability Action Plans to achieve the goals outlined in the Sustainability Pathway.

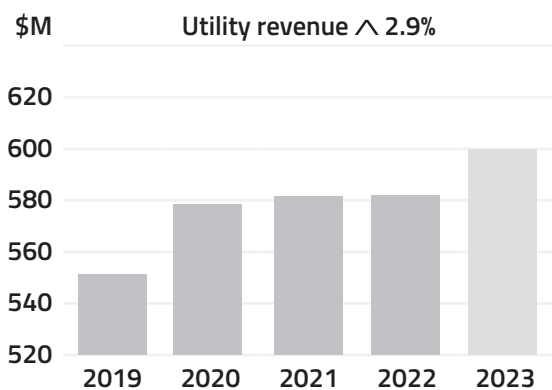
If new risks are identified as part of ongoing climate-related assessment, Unitywater will continue to monitor and assess the impacts as they relate to financial results and the carrying values of assets and liabilities.

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

	Jun 2023 \$'000	Jun 2022 \$'000
Revenue from contracts with customers		
Water access charges	112,462	111,139
Water volumetric charges	240,625	233,626
Sewerage access charges	205,497	202,955
Sewerage volumetric charges	40,186	34,454
Total utility charges	598,770	582,174



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.

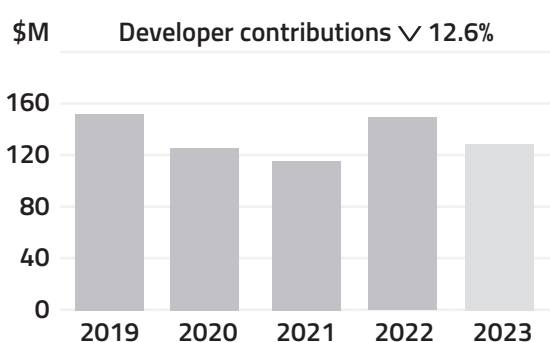


Estimation of unbilled water consumption – Unitywater estimates customer consumption where customer water meters are unread at reporting date. Volumetric estimates are based on historical usage patterns. Access charge accruals are based upon each customers' access fees for the number of days from the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

2 Our performance

2.2 Developer contributions

	Jun 2023 \$'000	Jun 2022 \$'000
Revenue from contracts with customers		
Developer contributions – donated assets	79,232	78,325
Developer contributions – cash	50,649	70,327
Total developer contributions	129,881	148,652



Unitywater finances part of its capital works infrastructure program through non-refundable 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).



Fair value 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.

2.3 Other revenue

	Jun 2023 \$'000	Jun 2022 \$'000
Revenue from contracts with customers		
Fees and charges	7,523	8,318
Private works	13,656	11,097
Other	603	506
	21,782	19,921
Other revenue		
Grants and subsidies	3,629	3,704
Lease revenue	2,641	2,294
Interest	2,533	1,129
Other	573	451
	9,376	7,578
Total other revenue	31,158	27,499

2 Our performance

2.4 Bulk water purchases

	Jun 2023 \$'000	Jun 2022 \$'000
Bulk water purchases	217,528	203,695
Total bulk water purchases	217,528	203,695

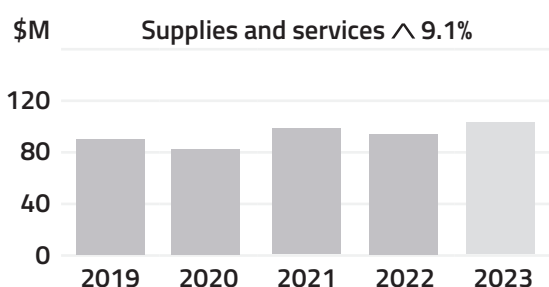
Bulk water purchases from Seqwater (the sole supplier of bulk water to Unitywater) are recognised as an expense in the period that the water is provided. The price Unitywater pays for bulk water is recommended by the Queensland Competition Authority and determined by the Minister for Regional Development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



Estimation of consumption – Unitywater estimates bulk water consumption where 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 bulk water price.

2.5 Supplies and services

	Jun 2023 \$'000	Jun 2022 \$'000
Materials and services	99,663	90,954
Consultants and legal fees	1,541	1,781
Total supplies and services	101,204	92,735



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.

2.6 Other expenses

	Jun 2023 \$'000	Jun 2022 \$'000
Insurance	2,306	1,903
Audit fees (internal and external) ¹	909	1,091
Adjustment of expected credit losses	(18)	(11)
Indirect tax expenses	2,412	2,385
Loss on disposal of property, plant and equipment	5,215	4,345
Other	187	1,307
Total other expenses	11,011	11,020

¹Total external audit fees quoted by the Queensland Audit Office (QAO) relating to the 2023 consolidated financial statements are estimated to be \$304,000 (2022: \$280,000). 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 consolidated results have been disclosed for the current and comparative year as below:

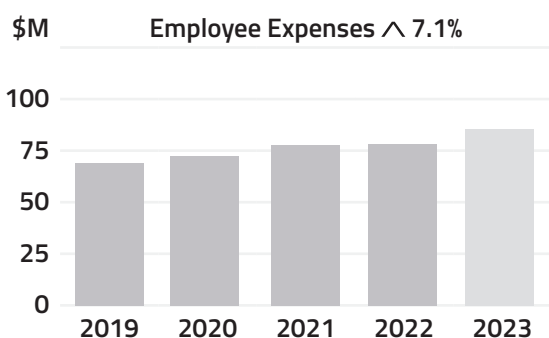
	Jun 2023	Jun 2022
Financial sustainability metrics		
Operating ratio	25%	29%
Capital replenishment ratio	3.5 x	2.6 x
Debt to revenue ratio	2.1 x	2.1 x

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

	Notes	Jun 2023 \$'000	Jun 2022 \$'000
Employee benefits			
Salaries and wages		85,767	80,905
Employer superannuation contribution	3.2	8,997	8,416
Other employee benefits		1,204	613
		95,968	89,934
Employee related expenses			
Payroll tax		4,695	4,360
Workers compensation premium		926	789
Training		1,828	1,561
Recruitment		1,022	678
Other employee expenses		951	793
		9,422	8,181
Less allocations to capital expenditure		(24,339)	(22,415)
Total employee expenses		81,051	75,700



Employee expenses include costs related to employment. Other employee benefits include directors' fees and redundancy payments. Other employee 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.

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:

	Jun 2023	Jun 2022
Number of employees	725	681

3 Our team

3.2 Superannuation

Unitywater contributes to the Local Government Investment Australia Superannuation Scheme (LGIAsuper – trading as Brighter Super from 1 July 2022) for employees under both a defined benefits scheme and an accumulation superannuation scheme. Unitywater has no liability to, or interest in, Brighter Super other than the payment of the statutory contribution. Contributions are expensed when incurred.

Regional Defined Benefits Fund – Brighter Super

Unitywater contributes to the 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 trust deed and may be varied on the advice of an actuary. The scheme 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* and is managed by Brighter Super.

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 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 2021. The actuary indicated that "At the valuation date of 1 July 2021 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.

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 2024.



Superannuation risks – The most significant risks that may result in Brighter Super 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.

3 Our team

3.2 Superannuation

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

	Notes	Jun 2023 \$'000	Jun 2022 \$'000
Superannuation plan			
Regional Defined Benefits Fund - Brighter Super		331	369
Accumulation Benefit Fund – Brighter Super		4,555	4,733
Other defined contribution funds		4,111	3,314
Total superannuation contributions	3.1	8,997	8,416

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:

	Jun 2023 \$	Jun 2022 \$
Remuneration		
Michael Arnett	142,003	136,451
Mike Williamson ¹	-	10,945
Fiona Waterhouse ¹	-	21,714
Megan Corfield	70,028	68,154
Sarah Zeljko	70,028	68,154
Chris Hertle	68,227	55,335
Total board members' remuneration	350,286	360,753

¹Board members were only in office for part of the 2022 financial year.

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 – Our 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	Drives customer, community and shareholder value through corporate strategy development, new business investment, financial sustainability and pricing, corporate performance reporting and analysis, financial management and reporting, procurement, and technology and digital solutions.
Executive Manager Sustainable Infrastructure Solutions	Responsible for leading all aspects of Unitywater's long-term strategic asset planning, asset management, asset performance, efficient capital works design and delivery, laboratory services, water quality management and property management.
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, revenue assurance and development services.
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, business resilience, 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 which 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 which relate to allocated parking spaces provided for the executive team.
- ii. Post-employment benefits which consist of superannuation contributions.
- iii. Long term employee benefits which represent long service leave entitlements paid and provided for.
- iv. Termination benefits which 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 severance payment is payable in accordance with the *Fair Work Act 2009*. The payment is calculated based on the individual's period of service and FAR and is paid in accordance with the relevant legislation.

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 2022 - 30 June 2023

Position	Short term benefits		Post-employment benefits ¹	Long term employment benefits	Termination benefits	Total remuneration
	Monetary	Non-monetary				
	\$	\$	\$	\$	\$	\$
Chief Executive Officer	549,921	5,349	26,488	4,613	-	586,371
Chief Financial Officer	495,549	5,500	25,756	21,340	-	548,145
Executive Manager Sustainable Infrastructure Solutions	370,715	5,500	25,437	4,091	-	405,743
Executive Manager Customer Delivery	357,104	5,500	25,477	15,789	-	403,870
Executive Manager Customer and Community	348,367	5,500	25,466	7,977	-	387,310
Executive Manager People, Culture and Safety	341,416	5,500	27,651	12,417	-	386,984
Total remuneration	2,463,072	32,849	156,275	66,227	-	2,718,423

¹Post employment benefits includes year end accruals.

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 2021 - 30 June 2022

Position	Short term benefits		Post-employment benefits ¹	Long term employment benefits	Termination benefits	Total remuneration
	Monetary	Non-monetary				
	\$	\$	\$	\$	\$	\$
Chief Executive Officer (1 July 2021 - 18 February 2022)	308,465	3,511	17,676	(11,541)	105,754	423,865
Acting Chief Executive Officer (19 February 2022 - 30 June 2022)	189,642	1,989	8,333	3,665	-	203,629
Chief Financial Officer (1 July 2021 - 18 February 2022)	280,948	3,511	16,034	8,785	-	309,278
Acting Chief Financial Officer (19 February 2022 - 30 June 2022)	110,065	1,989	10,783	2,167	-	125,004
Executive Manager Sustainable Infrastructure Solutions (1 July 2021 - 28 October 2021)	114,808	1,808	11,784	(11,585)	25,699	142,514
Acting Executive Manager Sustainable Infrastructure Solutions (29 October 2021 - 20 February 2022)	84,615	1,733	3,980	5,767	-	96,095
Executive Manager Sustainable Infrastructure Solutions (21 February 2022 - 30 June 2022)	130,582	1,959	9,002	1,108	-	142,651
Executive Manager Customer Delivery	325,766	5,500	24,058	9,466	-	364,790
Executive Manager Customer and Community	353,268	5,500	24,087	6,225	-	389,080
Executive Manager People, Culture and Safety	324,258	5,500	27,985	11,721	-	369,464
Total remuneration	2,222,417	33,000	153,722	25,778	131,453	2,566,370

¹Post employment benefits includes year end accruals.

3 Our team

3.3 Key management personnel

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 occurs in the year following actual performance. Performance bonuses were paid this financial year by 28 October 2022.

The aggregate performance bonuses paid to key executive management personnel are as follows:

	Jun 2023 \$	Jun 2022 \$
Performance payments paid	212,229	283,598

3.4 Employee benefits provision

	Jun 2023 \$'000	Jun 2022 \$'000
Current		
Accrued salaries and wages	4,202	2,950
Annual leave liability	7,348	7,063
Long service leave liability	11,639	12,164
Leave in lieu liability	168	165
Total current employee benefits provision	23,357	22,342
Non-current		
Long service leave liability	2,244	1,697
Total non-current employee benefits provision	2,244	1,697

3 Our team

3.4 Employee benefits provision

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 are compiled using average oncost rates, uplifted using the Consumer Price Index (CPI), then discounted using the corporate bond market yield at the reporting date and adjusted for historical retention rates where appropriate.

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 \$'000	Total \$'000
Cost	54,734	17,458	4,342,662	68,822	161,944	4,645,620
Less accumulated depreciation ¹	-	(2,714)	(765,890)	(29,619)	-	(798,223)
Net book value at 1 July 2021	54,734	14,744	3,576,772	39,203	161,944	3,847,397
Additions	-	-	-	-	174,050	174,050
Transfer to assets held for sale	(128)	-	-	-	-	(128)
Transfers between classes	-	(264)	264	-	-	-
Transfers from work in progress	1,036	96	161,774	6,352	(169,258)	-
Donated assets	-	-	77,063	-	-	77,063
Disposals	-	-	(4,051)	(1,052)	-	(5,103)
Depreciation						
Depreciation expensed	-	(279)	(87,564)	(5,387)	-	(93,230)
Depreciation capitalised	-	(44)	(43)	(669)	-	(756)
Net book value at 30 June 2022	55,642	14,253	3,724,215	38,447	166,736	3,999,293
Cost	55,642	17,290	4,573,961	71,835	166,736	4,885,464
Less accumulated depreciation ¹	-	(3,037)	(849,746)	(33,388)	-	(886,171)
Net book value at 30 June 2022	55,642	14,253	3,724,215	38,447	166,736	3,999,293
Developer contributions - donated assets adjustment ²	-	-	12,354	-	-	12,354
Adjusted net book value at 1 July 2022	55,642	14,253	3,736,569	38,447	166,736	4,011,647
Additions	-	-	-	-	262,870	262,870
Transfer from assets held for sale	128	-	-	-	-	128
Transfers between classes	(22)	15	7	-	-	-
Transfers from work in progress	-	42	117,367	8,951	(126,360)	-
Donated assets	-	-	84,076	18	-	84,094
Disposals	-	(11)	(5,161)	(336)	-	(5,508)
Depreciation						
Depreciation expensed	-	(293)	(91,158)	(5,424)	-	(96,875)
Depreciation capitalised	-	(52)	(61)	(616)	-	(729)
Net book value at 30 June 2023	55,748	13,954	3,841,639	41,040	303,246	4,255,627
Cost	55,748	17,323	4,781,945	78,882	303,246	5,237,144
Less accumulated depreciation ¹	-	(3,369)	(940,306)	(37,842)	-	(981,517)
Net book value at 30 June 2023	55,748	13,954	3,841,639	41,040	303,246	4,255,627

¹ Including accumulated impairment losses/reversals.

² During the 2023 financial year it was identified that assets donated to the Group with a written down value of \$12,353,734 had not been recognised within property, plant and equipment nor as developer contributions revenue in prior periods when accepted on maintenance. An adjustment to reflect this balance net of tax of \$3,706,120 was booked against retained earnings on 1 July 2022. The tax impact is shown in Note 7.1.3. This amount has been adjusted on 1 July 2022 as this is the earliest point in the period in which the matters were identified. The amounts accumulated over a number of financial years prior to 1 July 2022 and hence the amounts have been applied against retained earnings. No amount in any individual financial year was material nor was the amount in accumulation.

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.



Fair value 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.

4 Our assets

4.1 Property, plant and equipment

4.1.1 Movement in carrying amounts

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 – 80 years
Infrastructure assets	
- Water infrastructure assets	2 – 120 years
- Sewer infrastructure assets	5 – 180 years
Plant and equipment	2 – 25 years

iv. Gains and losses on disposals

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the asset at the time of disposal. These gains and losses are included in the 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 \$'000	Total \$'000
Cost	57,457	2,333	59,790
Accumulated amortisation	(40,576)	-	(40,576)
Net book value at 1 July 2021	16,881	2,333	19,214
Additions	-	1,893	1,893
Disposals	(5)	-	(5)
Amortisation	(3,009)	-	(3,009)
Net book value at 30 June 2022	13,867	4,226	18,093
Cost	57,452	4,226	61,678
Accumulated amortisation	(43,585)	-	(43,585)
Net book value at 30 June 2022	13,867	4,226	18,093
Additions	-	1,897	1,897
Transfers from work in progress	259	(259)	-
Disposals	(69)	-	(69)
Amortisation	(3,349)	-	(3,349)
Net book value at 30 June 2023	10,708	5,864	16,572
Cost	57,188	5,864	63,052
Accumulated amortisation	(46,480)	-	(46,480)
Net book value at 30 June 2023	10,708	5,864	16,572

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, implementation or enhancement of on-premise systems and software are capitalised where they meet the definition of, and recognition criteria for, an intangible asset. 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. These costs are then amortised over the useful life of the software on a straight-line basis.

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 Our assets

4.3 Right of use assets

4.3.1 Movement in carrying amounts

	Land \$'000	Buildings \$'000	Total \$'000
Cost	193	21,578	21,771
Less accumulated depreciation	(35)	(15,712)	(15,747)
Net book value at 1 July 2021	158	5,866	6,024
Reassessments ¹	8	3,218	3,226
Depreciation			
Depreciation expensed	(5)	(1,033)	(1,038)
Depreciation capitalised	-	(1,174)	(1,174)
Net book value at 30 June 2022	161	6,877	7,038
Cost	201	24,796	24,997
Less accumulated depreciation	(40)	(17,919)	(17,959)
Net book value at 30 June 2022	161	6,877	7,038
Reassessments ²	-	714	714
Depreciation			
Depreciation expensed	(4)	(1,060)	(1,064)
Depreciation capitalised	-	(1,302)	(1,302)
Net book value at 30 June 2023	157	5,229	5,386
Cost	201	25,510	25,711
Less accumulated depreciation	(44)	(20,281)	(20,325)
Net book value at 30 June 2023	157	5,229	5,386

¹ CPI adjustments and lease extensions as per lease contracts.

² CPI adjustments and increase to the make good provision.

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.



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 Our 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.

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 – 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.

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 growth in Unitywater's service region (which drives developer contributions - cash and donated assets) were assessed against long-term inflation expectations in the impairment review.

Unitywater's review of asset valuation in 2023 concluded that the fair value range remains supportive of the assets' carrying value and hence no impairment is indicated. There are no material indicators of impairment at the time the financial statements were authorised for issue.

Based on this review, no impairment (2022: \$Nil) was recognised in relation to property, plant and equipment, intangibles and right of use assets in the Consolidated Statement of Profit or Loss.

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 Jun 2023 \$'000	Parent Jun 2022 \$'000
Contributed equity	5.2	1,434,782	1,434,782
Retained earnings		981,483	922,464
Total equity		2,416,265	2,357,246
Borrowings	5.8	1,592,652	1,557,652
Less: cash and cash equivalents	5.3	(28,772)	(133,739)
Net debt		1,563,880	1,423,913
Net capital		3,980,145	3,781,159
Gearing ratio		39%	38%

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 Jun 2023	Parent Jun 2022
Key credit metrics		
EBITDA ¹ interest coverage \geq 2.5	22.7	21.2
EBIT ² interest coverage \geq 1.75	12.1	12.1
Funds from operations interest coverage \geq 2.25	18.2	16.6
Net debt to fixed assets \leq 60%	9%	7%

¹ Earnings before interest, tax, depreciation and amortisation.

² Earnings before interest and tax.

Unitywater is in compliance with the facility covenants. Its implied credit rating, as determined by QTC, is BBB+. 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:

		Jun 2023 \$'000	Jun 2022 \$'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 profit after tax (NOPAT) of Unitywater Group where NOPAT is adjusted for developer contributions received net of tax and depreciation on assets contributed and assets funded by infrastructure charges, 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.

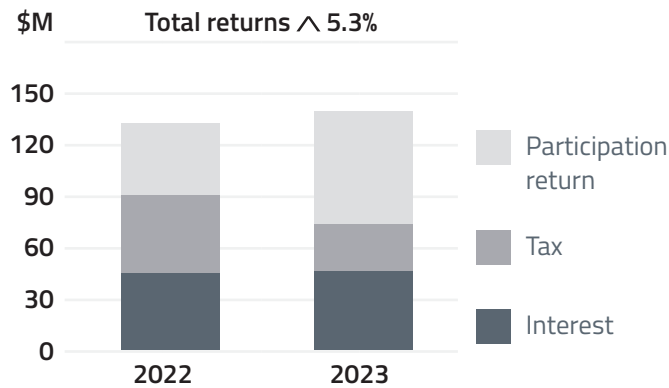
The following participation returns have been paid or are payable at 30 June 2023:

	Jun 2023 \$'000	Jun 2022 \$'000
In accordance with the Participation Agreement, an interim participation return was declared on 25 January 2023 and paid on 15 February 2023	27,103	19,934
The Board declared the full year participation return on 28 June 2023	38,316	20,469
Total participation return paid/payable	65,419	40,403
Moreton Bay Regional Council	38,100	23,531
Sunshine Coast Council	24,539	15,155
Noosa Council	2,780	1,717
Total	65,419	40,403

5 Our funding

5.2 Equity

5.2.2 Participation returns



Total returns to participating Councils comprise interest on debt (refer Note 5.8), tax equivalents (refer Note 7.1) and participation return.

5.3 Cash and cash equivalents

	Jun 2023 \$'000	Jun 2022 \$'000
Cash at bank and on hand	28,772	133,739
Total cash and cash equivalents in the Consolidated Statement of Cash Flows	28,772	133,739

Cash and cash equivalents comprise cash on hand and at bank, cheques receipted 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 Our funding

5.3 Cash and cash equivalents

5.3.1 Reconciliation of cash flows from operating activities

	Jun 2023 \$'000	Jun 2022 \$'000
Cash flows from operating activities		
Profit for the year	137,533	153,132
Non-cash items included in operating result:		
Depreciation and amortisation	101,305	97,277
Loss on disposal of property, plant and equipment	5,215	4,345
Donated assets	(84,094)	(77,063)
Share of (profit) / loss from investments in associates	(411)	798
Credit losses on trade and other receivables	(18)	(11)
Changes in assets and liabilities:		
Increase in trade and other receivables	(19,395)	(2,296)
Increase in inventories held for use	(972)	(381)
(Increase) / Decrease in prepayments	(3,311)	228
Increase / (Decrease) in trade and other payables	6,774	(9,700)
Increase in contract liabilities	10,098	10,779
Increase in employee benefits provision	1,562	1,188
Decrease in other liabilities	(49)	(67)
Increase in deferred tax liabilities	26,225	22,851
Net cash inflow from operating activities	180,462	201,080

5 Our funding

5.4 Trade and other receivables

	Jun 2023 \$'000	Jun 2022 \$'000
Current		
Trade debtors and accrued receivables ¹	120,679	139,273
Less: expected credit losses	(438)	(488)
	120,241	138,785
Income tax receivable	14,241	-
GST receivables	4,717	3,767
Other receivables	217	55
Total current	139,416	142,607
Non-current		
Other receivables	1,691	1,369
Total non-current	1,691	1,369
Total trade and other receivables	141,107	143,976

¹ During the 2023 financial year it was determined that accrued utility charges were overstated by \$22,281,747. An adjustment of \$22,281,747 to reflect this balance was booked against retained earnings on 1 July 2022. The tax impact is shown in Note 7.1.1. This amount has been adjusted on 1 July 2022 as this is the earliest point in the period in which the matters were identified. The amounts accumulated over a number of financial years prior to 1 July 2022 and hence the amounts have been applied against retained earnings. No amount in any individual financial year was material nor was the amount in accumulation.

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.

	Jun 2023 \$'000	Jun 2022 \$'000
Movement in expected credit losses		
Opening balance	488	559
Decrease in provision	(50)	(71)
Closing balance	438	488

5 Our funding

5.4 Trade and other receivables

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

	Expected Credit Loss Rate	Gross	Expected Credit Losses	Total
	%	\$'000	\$'000	\$'000
Trade and other receivables				
Jun 2023				
Accrued receivables	0.01%	88,543	12	88,531
Current billed	0.01%	42,173	6	42,167
Past due 0-30 days	0.10%	5,173	5	5,168
Past due 31-60 days	0.42%	952	4	948
Past due 61-90 days	0.67%	901	6	895
More than 91 days	10.65%	3,803	405	3,398
Total trade and other receivables		141,545	438	141,107
Jun 2022				
Accrued receivables	0.02%	95,410	16	95,394
Current billed	0.01%	38,184	5	38,179
Past due 0-30 days	0.08%	4,802	4	4,798
Past due 31-60 days	0.35%	1,136	4	1,132
Past due 61-90 days	0.64%	782	5	777
More than 91 days	10.94%	4,150	454	3,696
Total trade and other receivables		144,464	488	143,976

5.5 Contract liabilities

	Jun 2023 \$'000	Jun 2022 \$'000
Opening balance	43,274	32,495
Developer contributions - cash adjustment ¹	(531)	-
Previously deferred revenue recognised during the period	(27,829)	(22,644)
Additional revenue deferred during the period	40,727	34,610
Refunds of balances previously deferred	(2,800)	(1,187)
Closing balance	52,841	43,274

¹ During the 2023 financial year developer cash contributions with a value of \$530,856 were identified as revenue that should have been recognised in prior periods. An adjustment to reflect this balance was booked against retained earnings on 1 July 2022. This amount has been adjusted on 1 July 2022 as this is the earliest point in the period in which the matters were identified. The amounts accumulated over a number of financial years prior to 1 July 2022 and hence the amounts have been applied against retained earnings. No amount in any individual financial year was material nor was the amount in accumulation.

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 (see Note 2.2 for details). 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 Our funding

5.6 Trade and other payables

	Jun 2023 \$'000	Jun 2022 \$'000
Current		
Trade creditors	27,252	21,328
Participation return payable	38,316	20,469
Interest payable	14,552	14,727
Accrued expenses	44,429	45,273
Income tax payable	-	2,992
Other	2,781	2,930
Total trade and other payables	127,330	107,719

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. Generally, amounts owing are unsecured and are settled on 30-day terms or as contractually/legally required.

5.7 Lease liabilities

	Jun 2023 \$'000	Jun 2022 \$'000
Lease liabilities		
Current	2,365	2,332
Non-current	2,771	5,347
Total lease liabilities	5,136	7,679

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 2023 was \$2,897,748 (2022: \$2,748,886).



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 Our funding

5.8 Borrowings

5.8.1 Borrowing costs

	Jun 2023 \$'000	Jun 2022 \$'000
Interest on loans	58,164	59,095
Interest on lease liabilities	111	105
Other interest	6	-
	58,281	59,200
Less capitalised borrowing costs	(21)	-
Total borrowing costs	58,260	59,200

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.

In 2023, borrowing costs of \$20,748 (2022: \$Nil) were capitalised. The rate used to determine the amount of borrowing costs eligible for capitalisation was 2.72% (2022: Nil%), which is the effective interest rate of the borrowings.

5.8.2 Composition of borrowings

	Jun 2023 \$'000	Jun 2022 \$'000
Non-current		
Participating Councils		
Subordinated debt	1,160,652	1,160,652
Queensland Treasury Corporation		
Portfolio linked loan	432,000	397,000
Total borrowings	1,592,652	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 2023 financial year (2022: 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 interest rate on borrowings for the year is 3.70% (2022: 3.79%). Interest payments are made quarterly in arrears at rates ranging from 2.86% to 4.01% (2022: 2.89% to 4.10%).

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.

	Interest rate risk				
	Net carrying amounts \$'000	-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
Jun 2023					
Financial assets	28,767	(288)	(288)	288	288
Financial liabilities	(1,592,652)	871	871	(848)	(848)
Sensitivity (net)	(1,563,885)	583	583	(560)	(560)
Jun 2022					
Financial assets	133,730	(1,337)	(1,337)	1,337	1,337
Financial liabilities	(1,557,652)	799	799	(784)	(784)
Sensitivity (net)	(1,423,922)	(538)	(538)	553	553

5.8.3 Financing arrangements at balance date

	Jun 2023 \$'000	Jun 2022 \$'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	1,603,202	1,557,652
Total facilities	1,654,002	1,608,452
Facilities not utilised at balance date:		
Bank overdraft	50	50
Credit card	721	724
Working capital	50,000	50,000
Loans ¹	10,550	-
Total facilities not used	61,321	50,774

¹ The Group has a Building Acceleration Fund loan facility of \$10,550,000 that remained fully undrawn at 30 June 2023. The facility has been amended in July 2023 to \$25,550,000 and is available for use in the 2024 financial year once conditions precedent within the loan agreement are satisfied.

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
Investments in associates	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.

Derivatives

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

6 Our financial risks

6.1 Financial risk framework

6.1.2 Categorisation of financial instruments

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

Category	Notes	Jun 2023 \$'000	Jun 2022 \$'000
Financial assets			
Cash and cash equivalents	5.3	28,772	133,739
Trade and other receivables	5.4	122,149	140,209
Other assets	8.1	5,887	5,476
Total financial assets		156,808	279,424
Financial liabilities			
Trade and other payables	5.6	127,330	107,719
Lease liabilities	5.7	5,136	7,679
Borrowings	5.8	1,592,652	1,557,652
Total financial liabilities		1,725,118	1,673,050

GST and income tax payable/receivable do not qualify as financial instruments and are excluded from the table above.

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 the Group'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

The activities of the Group expose it to a variety of financial risks as set out below.



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

The 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.

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 2023 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.

6 Our financial risks

6.1 Financial risk framework

6.1.3 Financial risk management



Liquidity risk is the risk that the Group may encounter difficulty in meeting obligations associated with financial liabilities which are settled by delivering cash or another financial asset.

The Group 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).

The Group manages its exposure to liquidity risk due to unexpected volatility in cash flows, by maintaining sufficient cash deposits as well as short and long-term borrowing facilities. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

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

	Carrying amount \$'000	Financial liabilities			Total cash flows \$'000
		Cash flow payable in			
		< 1 year \$'000	1-5 year \$'000	> 5 year \$'000	
Jun 2023					
Trade and other payables	127,330	127,330	-	-	127,330
PLG loans	1,160,652	50,895	209,382	1,435,321	1,695,598
QTC borrowings	432,000	12,694	52,606	432,000	497,300
Lease liabilities	5,136	2,761	2,722	286	5,769
Total financial liabilities	1,725,118	193,680	264,710	1,867,607	2,325,997
Jun 2022					
Trade and other payables	107,719	107,719	-	-	107,719
PLG loans	1,160,652	46,803	186,169	1,451,412	1,684,384
QTC borrowings	397,000	11,365	45,339	397,000	453,704
Lease liabilities	7,679	2,812	5,438	295	8,545
Total financial liabilities	1,673,050	168,699	236,946	1,848,707	2,254,352

6 Our financial risks

6.1 Financial risk framework

6.1.3 Financial risk management



Market risk – The Group’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.

The Group 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).

The Group 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
Jun 2023		
Participating Councils		
Subordinated loans	1,160,652	1,140,142
QTC borrowings		
Portfolio linked loan	432,000	407,877
Total borrowings	1,592,652	1,548,019
Jun 2022		
Participating Councils		
Subordinated loans	1,160,652	1,124,367
QTC borrowings		
Portfolio linked loan	397,000	376,541
Total borrowings	1,557,652	1,500,908

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 property 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:

	Jun 2023 \$'000	Jun 2022 \$'000
Within one year	1,802	1,635
1 to 2 Years	1,606	1,455
2 to 3 Years	1,349	1,306
3 to 4 Years	1,267	1,072
4 to 5 Years	1,045	1,063
More than five years	14,813	13,427
Total commitments – leases as a lessor	21,882	19,958

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:

	Jun 2023 \$'000	Jun 2022 \$'000
Property, plant and equipment		
Within one year	181,470	77,422
One year and no later than five years	201,789	65,629
More than five years	-	461
Total commitments	383,259	143,512
Intangibles		
Within one year	908	354
One year and no later than five years	-	114
Total commitments	908	468

6 Our financial risks

6.3 Contingencies

Legal claims and environmental matters



Judgement regarding legal claims and environmental matters – There is currently a dispute with a Unitywater contractor in relation to a design and construct contract. Unitywater filed a legal claim in July 2022, which has been served on the other party in July 2023. Should the other party file a counter claim, Unitywater will strenuously defend those claims.

The asset which is subject to the design and construct contract will require modification in a future period to meet environmental standards. At 30 June 2023 there was no obligation imposed on Unitywater to make these modifications. Unitywater is working with the relevant environmental authority and third parties to determine actions to be taken in future periods. No financial implications can be estimated until investigations with the environmental authority are concluded. This matter is reported as a contingency at 30 June 2023.

6.4 Subsequent events

In July 2023, Unitywater served a legal claim against a contractor in relation to a design and construct contract, see Note 6.3. Further, the Group entered into a Share sale agreement in the amount of \$11,900,000 to acquire a minority shareholding interest in two entities and entered into an Agreement for lease of office premises which is expected to result in a Right of Use asset and corresponding lease liability of \$11,000,000 when the lease commences in May 2024. There have been no other subsequent events to date that may significantly affect the operations of the Group 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.

The Group is a tax consolidated group consisting of Headworks Australia Pty Ltd, Unitywater Properties Pty Ltd and their subsidiaries (see Note 8.4 for details). Unitywater is the head entity of the tax consolidated group.

A tax sharing agreement is in place between the entities of the tax consolidated group which limits the joint and several liability of the wholly owned entities in the case of a default by the parent entity, Unitywater.

The Group has a tax funding agreement in place under which the wholly-owned entities fully compensate Unitywater for any current tax payable assumed and are compensated by Unitywater for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Unitywater under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements. The amounts receivable/payable under the tax funding agreement are due upon payment by the parent entity of those liabilities and are subject to the parent entity providing to the wholly owned entities satisfactory evidence of that payment. The wholly owned entities shall promptly pay to the parent entity that contribution amount and the parent entity shall promptly pay to the relevant wholly owned entities, amounts receivable by them under the funding arrangement.

7 Our tax

7.1 Income tax

7.1.1 Income tax expense

	Jun 2023 \$'000	Jun 2022 \$'000
Income tax expense recognised in consolidated profit or loss		
Current tax expense		
Current income tax charge	30,536	42,715
Adjustments for current income tax of prior years ¹	(4,844)	-
Current tax expense	25,692	42,715
Deferred tax expense		
Deferred income tax charge	26,225	22,851
Deferred tax expense	26,225	22,851
Total income tax expense	51,917	65,566
Reconciliation of effective tax rate		
Consolidated profit before income tax expense	189,450	218,698
Income tax expense at 30%	56,835	65,610
Prior period adjustment	(4,844)	-
Cancellation of carried forward losses upon forming a tax consolidated group	-	36
Non-deductible expenses	15	11
Change in unrecognised temporary differences subject to initial recognition exemption	(89)	(91)
Income tax expense	51,917	65,566

¹ During the 2023 financial year Unitywater lodged amended tax returns with the Tax Assessor for the tax years 2019 to 2022 resulting in a cumulative decrease to current tax expense of \$4,843,980. Amendments address overstatement of utility charges revenue and understatement of developer cash contributions in prior periods.

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	
	Jun 2023 \$'000	Jun 2022 \$'000	Jun 2023 \$'000	Jun 2022 \$'000	Jun 2023 \$'000	Jun 2022 \$'000
Property, plant and equipment	-	-	(245,111)	(217,303)	(245,111)	(217,303)
Right of use assets	-	-	(1,616)	(2,112)	(1,616)	(2,112)
Prepayments	-	-	(162)	(251)	(162)	(251)
Employee benefits	6,805	6,419	-	-	6,805	6,419
Other provisions and accruals	351	196	-	-	351	196
Lease liabilities	1,895	2,478	-	-	1,895	2,478
Accrued revenue	-	-	(507)	(387)	(507)	(387)
Other items	248	465	(15,079)	(12,750)	(14,831)	(12,285)
Tax asset/(liability)	9,299	9,558	(262,475)	(232,803)	(253,176)	(223,245)
Set off	(9,299)	(9,558)	9,299	9,558	-	-
Net tax liability	-	-	(253,176)	(223,245)	(253,176)	(223,245)

7 Our tax

7.1 Income tax

7.1.3 Movements in deferred tax assets and liabilities

	Assets		Liabilities		Net	
	Jun 2023 \$'000	Jun 2022 \$'000	Jun 2023 \$'000	Jun 2022 \$'000	Jun 2023 \$'000	Jun 2022 \$'000
Opening balance	9,558	8,889	(232,803)	(209,283)	(223,245)	(200,394)
Developer contributions - donated asset adjustment ¹	-	-	(3,706)	-	(3,706)	-
Restated opening balance	9,558	8,889	(236,509)	(209,283)	(226,951)	(200,394)
Current year's income tax equivalent expense	(259)	669	(25,966)	(23,520)	(26,225)	(22,851)
Closing balance	9,299	9,558	(262,475)	(232,803)	(253,176)	(223,245)

¹ During the 2023 financial year it was identified that assets donated to the Group with a written down value of \$12,353,734 had not been recognised within property, plant and equipment nor as developer contributions revenue in prior periods when accepted on maintenance. An adjustment to reflect this balance net of tax of \$3,706,120 was booked against retained earnings on 1 July 2022. The property, plant and equipment impact is shown in Note 4.1.

7.1.4 Unrecognised deferred tax liabilities

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.

Deferred tax liabilities not recognised in 2023 were \$88,701 (2022: \$90,219).

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

	Jun 2023 \$'000	Jun 2022 \$'000
Current		
Prepayments	8,929	5,438
Inventories held for use (cost)	4,619	3,647
Non-current assets held for sale	-	128
Total other current assets	13,548	9,213
Non-current		
Prepayments	442	622
Investments in associates	5,887	5,476
Investment property	6,761	3,965
Total other non-current assets	13,090	10,063

An amount of \$3,517,930 (2022: \$2,903,357) of inventory was recognised as an expense during the year.

During the year depreciation of \$16,874 (2022: \$Nil) was incurred on investment property.

8.2 Other liabilities

	Jun 2023 \$'000	Jun 2022 \$'000
Current		
Unearned revenue	831	880
Security deposits and retentions	115	115
Total other current liabilities	946	995
Non-current		
Provision for restoration	1,179	582
Total other non-current liabilities	1,179	582

8 Other

8.3 Related parties

8.3.1 Transactions and balances with Participating Councils

	Moreton Bay Regional Council		Sunshine Coast Council		Noosa Council		Total	
	Jun 2023 \$'000	Jun 2022 \$'000	Jun 2023 \$'000	Jun 2022 \$'000	Jun 2023 \$'000	Jun 2022 \$'000	Jun 2023 \$'000	Jun 2022 \$'000
Revenue								
Utility charges	6,525	5,673	4,523	4,822	981	809	12,029	11,304
Developer contributions	618	474	468	-	511	-	1,597	474
Other revenue	1,389	2,107	806	1,203	532	613	2,727	3,923
	8,532	8,254	5,797	6,025	2,024	1,422	16,353	15,701
Expenses								
Supplies and services	141	78	97	79	9	9	247	166
Interest on loans	27,149	27,758	17,420	17,810	1,973	2,018	46,542	47,586
Taxation equivalents	16,330	26,214	10,517	16,884	1,192	1,913	28,039	45,011
Participation returns	38,100	23,531	24,539	15,155	2,780	1,717	65,419	40,403
	81,720	77,581	52,573	49,928	5,954	5,657	140,247	133,166
Amounts receivable								
Utility charges	2,377	682	843	576	108	109	3,328	1,367
Other receivables	310	345	79	109	3	172	392	626
Taxation equivalents	8,294	-	5,342	-	605	-	14,241	-
	10,981	1,027	6,264	685	716	281	17,961	1,993
Property, plant and equipment - Work in progress	66	-	678	-	-	-	744	-
Amounts payable								
Interest payable	6,787	6,940	4,355	4,453	493	504	11,635	11,897
Supplies and services	-	2	12	-	-	-	12	2
Taxation equivalents	1,367	3,079	880	1,983	100	225	2,347	5,287
Participation returns	22,315	11,921	14,373	7,678	1,628	870	38,316	20,469
	30,469	21,942	19,620	14,114	2,221	1,599	52,310	37,655
Contract liabilities - Deposits and deferred revenue	213	168	181	43	44	43	438	254
Borrowings - Loans	677,025	677,025	434,409	434,409	49,218	49,218	1,160,652	1,160,652

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

8 Other

8.3 Related parties

8.3.2 Transactions with associate entities

Associate	Nature of payments	Jun 2023	Jun 2022
		\$'000	\$'000
Pipe Management Australia Pty Ltd	Revenue from lease of property	68	64
Pipe Management Australia Pty Ltd	Maintenance of water and sewerage assets	4,968	2,329
Pipe AI Pty Ltd	Software services	5	120

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 Australian incorporated entities:

Name of entity	Principal activity	Interest held by the Group	
		Jun 2023	Jun 2022
Northern SEQ Distributor-Retailer Authority trading as Unitywater	Water and sewerage services		
_ Unitywater Properties Pty Ltd ¹	Property investment	100%	100%
_ Unitywater Properties No.2 Pty Ltd ¹	Property investment	100%	100%
_ Headworks Australia Pty Ltd ¹	Holding company	100%	100%
_ WTCC Pty Ltd ¹	Water and sewerage services	100%	100%
_ Pipe AI Pty Ltd ²	Software services	30%	30%
_ Utility Management Group Pty Ltd ²	Holding company	24%	24%
_ Pipe Management Australia Pty Ltd ²	Water and sewerage services	24%	24%
_ IC Pipes Pty Ltd ²	Water and sewerage services	24%	24%
_ UMG Assets Pty Ltd ²	Water and sewerage services	24%	24%

¹Consolidated subsidiary

²Equity 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 which could potentially have an impact on Unitywater Group's Financial Statements have been issued but were not yet effective as at 30 June 2023. None of these have been early adopted and their impacts on the consolidated financial statements are not expected to be material. All other Australian accounting standards and interpretations with future effective dates are not applicable.

Standard/Interpretation	Application date for Unitywater
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
AASB 2021-6 <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards</i>	1 July 2023
AASB 2021-7b <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 And Editorial Corrections</i>	1 July 2023
AASB 2022-6 <i>Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants</i>	1 July 2023
AASB 2022-7 <i>Editorial corrections to Australian Accounting Standards and repeal of Superseded and Redundant Standards</i>	1 July 2023
AASB 2021-7c <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 And Editorial Corrections</i>	1 July 2025

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

**Management Certificate
for the year ended 30 June 2023**

Certificate of Unitywater Group for the year ended 30 June 2023

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 2023 and of the financial position of the Group 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

Signature

Date: 17 August 2023

Anna Jackson

BJou, GAICD

Chief Executive Officer

Signature

Date: 17 August 2023

Pauline Thomson

BBus (Acc), FCPA, GAICD

Chief Financial Officer

Signature

Date: 17 August 2023

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 and its controlled entities (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2023, and their financial performance and cash flows for the year then ended
- 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 2023, the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information and the management certificate.

Basis for opinion

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

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

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

Responsibilities of the entity for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 forming an opinion on the effectiveness of the entity's internal controls, but allows me to form an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to form 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 2023:

- 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.

Jacques Coetzee

Jacques Coetzee

as delegate of the Auditor-General

18 August 2023

Queensland Audit Office

Brisbane



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33 King Street, Caboolture QLD 4510

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1300 086 489
unitywater.com

Obj ref: A7865152

The Honourable Glenn Butcher MP
Minister for Regional Development, Manufacturing and Minister for Water
PO Box 2247
Brisbane QLD 4002

7 September 2023

Dear Minister

I am pleased to submit for presentation to the Parliament the Unitywater Annual Report 2022-2023 and financial statements.

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 is provided at page 104 of this annual report.

Yours sincerely

Michael Arnett
Chairman

Summary of compliance

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister/s 	ARRs - section 7	pg 103
Accessibility	<ul style="list-style-type: none"> Table of contents 	ARRs - section 9.1	pg 4
	<ul style="list-style-type: none"> Glossary 		pg 106
	<ul style="list-style-type: none"> Public availability 	ARRs - section 9.2	pg 3
	<ul style="list-style-type: none"> Interpreter service statement 	<i>Queensland Government Language Services Policy</i> ARRs - section 9.3	pg 3
	<ul style="list-style-type: none"> Copyright notice 	<i>Copyright Act 1968</i> ARRs - section 9.4	pg 3
	<ul style="list-style-type: none"> Information Licensing 	<i>QGEA - Information Licensing</i> ARRs - section 9.5	N/A- not a Dept.
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs - section 10	pg 9
Non-financial performance	<ul style="list-style-type: none"> Government's objectives for the community and whole-of-government plans/specific initiatives 	ARRs - section 11.1	pg 9
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs - section 11.2	pg 12 - 15
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs - section 11.3	Throughout
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs - section 12.1	pg 17
Governance - management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs - section 13.1	pg 40
	<ul style="list-style-type: none"> Executive management 	ARRs - section 13.2	pg 43
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs - section 13.3	N/A - not Govt body
	<ul style="list-style-type: none"> Public Sector Ethics 	<i>Public Sector Ethics Act 1994</i> ARRs - section 13.4	pg 37
	<ul style="list-style-type: none"> Human Rights 	<i>Human Rights Act 2019</i> ARRs - section 13.5	pg 38
	<ul style="list-style-type: none"> Queensland public service values 	ARRs - section 13.6	Throughout

Summary of requirement		Basis for requirement	Annual report reference
Governance - risk management and accountability	▪ Risk management	ARRs - section 14.1	pg 36
	▪ Audit committee	ARRs - section 14.2	pg 36
	▪ Internal audit	ARRs-section 14.3	pg 36
	▪ External scrutiny	ARRs - section 14.4	pg 37
	▪ Information systems and recordkeeping	ARRs-section 14.5	pg 37
	▪ Information Security attestation	ARRs-section 14.6	N/A- not Dept.
Governance - human resources	▪ Strategic workforce planning and performance	ARRs - section 15.1	pg 32
	▪ Early retirement, redundancy and retrenchment	<i>Directive No.04/18 Early Retirement, Redundancy and Retrenchment</i> ARRs - section 15.2	N/A- PSA not applicable to UW
Open Data	▪ Statement advising publication of information	ARRs - section 16	Pg 3
	▪ Consultancies	ARRs - section 31.1	https://data.gld.gov.au N/A
	▪ Overseas travel	ARRs-section 31.2	https://data.gld.gov.au N/A
	▪ Queensland Language Services	Policy ARR-section 31.3	https://data.gld.gov.au N/A
Financial statements	▪ Certification of financial statements	FAA - section 62 FPMS - sections 38, 39 and 46 ARRs - section 17.1	pg 100
	▪ Independent Auditor's Report	FAA-section 62 FPMS - section 46 ARRs-section 17.2	pg 101

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2019*

ARRs *Annual report requirements for Queensland Government agencies*





Glossary

Term	Meaning
AAS	Applicable Australian Accounting Standards
AASB	Australian Accounting Standards Board
ALD	Acoustic Leak Detection
AS/NZS	Australian/New Zealand Standard
ATO	Australian Tax Office
BBT+	Bond Credit Rating
CEO	Chief Executive Officer
CO2	Carbon Dioxide
CPI	Consumer Price Index
Cth	Commonwealth
EPMO	Enterprise Program Management Office
FAR	Fixed Annual Remuneration
GST	Goods and Services Tax
HPIFR	High Potential Incident Frequency Rate
IPMA	International Project Management Association
ISO	International Organisation for Standardisation
km	Kilometre
M	Million
Kg	Kilogram
MID	Ministerial Infrastructure Designation
ML	Megalitre
MOHRI	Minimum Obligatory Human Resource Information
MP	Member of Parliament
MWh	Megawatt hour
NIST CSF	National Institute of Standards and Technology Cybersecurity Framework
NOPAT	Net profit after tax
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.
OCI	Organisational culture index
PPE	Personal protective equipment
PT	Pressure transient sensors
PLG	Participating Local Government
QAO	Queensland Audit Office
QTC	Queensland Treasury Corporation
RAP	Reconciliation Action Plan
SEQ	South East Queensland
STEM	Science Technology Engineering and Maths
TIS National	Translating and Interpreting Service
UDIA	Urban Development Institute of Australia
WACC	Weighted Average Cost of Capital



Unitywater

Serving you today, **investing in tomorrow.**

-  www.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&ISO 450001: 2018 Reg No 500000079
Quality ISO 900: 2015 Reg No 500000079
Food Safety ISO 22000: 2018 Reg No 500000079

